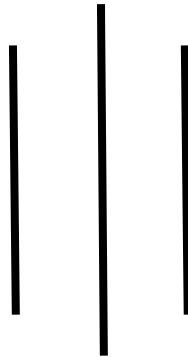
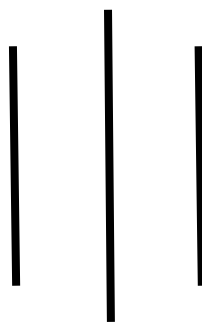


**EFFECT OF CELEBRITY ENDORSEMENT ON BRAND EQUITY:
A STUDY OF COSMETIC PRODUCTS IN THE KATHMANDU VALLEY**

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**A Thesis Submitted to
Tribhuvan University
Faculty of Management**



***In partial fulfillment of the requirements for the degree of
Masters of Business Studies (M.B.S)
Kathmandu, Nepal
April, 2018***

RECOMMENDATION

This is to certify that the thesis:

Submitted by
Preeya Shakya

Entitled

Effect of Celebrity Endorsement on Brand Equity:

A Study of Cosmetic Products in the Kathmandu Valley

has been prepared as approved by the department in the prescribed format of the Faculty of Management. This thesis is forwarded for examination.

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VIVA-VOCE SHEET

We have conducted the viva-voce examination of the thesis

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Effect of Celebrity Endorsement on Brand Equity:

A Study of Cosmetic Products in the Kathmandu Valley

and found the thesis to be the original work of the student and written according to the prescribed format. We recommend the thesis to be accepted as partial fulfillment of the requirement for Masters Of Business Studies (MBS).

Viva-Voce Committee

Head, Research Department:

Member (Thesis supervisor):

Member (External Expert):

DECLARATION

I, the undersigned, declare that this thesis entitled **Effect of celebrity Endorsement on Brand Equity: A Study of Cosmetic Products in the Kathmandu valley** submitted to Office of the Dean, Faculty of Management, Tribhuvan University is my original work done for the partial fulfillment of requirement of the Degree of Masters of Business Studies (MBS), which is prepared under the supervision of Dr. Arhan Sthapit, Tribhuvan University, Nepal.

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ABBREVIATIONS

ANOVA:	Analysis of Variance
SPSS:	Statistical Package for Social Science

Chapter I

Introduction

1.1 Background of the Study

Cosmetic product is one of the lucrative industries that are growing at fast pace all over the world. This industry is experiencing rapid growth each year with significant profit. Romanowski (2014) has mentioned that the sales of cosmetic products are about \$170 Billion dollars a year. The amount is distributed pretty uniformly around the world with \$40 billion in the Americas, \$60 billion in Europe, \$60 billion in Australia & Asia, and another \$10 billion in Africa. Badenhausen (2015) stated that the France-based company's revenue in the year 2014 amounted to about 29.89 billion U.S. dollars. The increasing number of customer using the cosmetic products that ranges from beauty products to the skin care items like soap, shampoo, deodrant, etc. has boost the level off competition in the world market.

Nepal's cosmetic market has shown rapid growth in the past few years. Traders estimate that it is worth over Rs. 15 billion annually and it is growing at the rate of 25 to 30 percent. From globally recognized brands like Lakme, L'Oreal, Garnier and Emami to others like Mac's Lavera, Nova, Chase, Astaberry, Lotus, Ayur, Ole and Aroma Magic, the domestic market at current features products from more than 75 cosmetic brands. While products from third countries were the top sellers until a couple of years ago, more than 80 percent of the cosmetics sold in Nepal now come from India. The rest are from China, Singapore, Thailand, the UAE and Europe, Giri (2012). Few Nepalese cosmetic companies like Sonata, New look has taking significant Nepalese Market.

Availability of large numbers of local and global brand has created a strong competition in the market. As a result cosmetic companies are spending huge in the promotional activities and investing in building their brand image. Many cosmetic companies are making effort in building their brand image to distinguish their product from that of their competitors. They are focusing more on increasing perceived value of consumer. In order to strengthen their brand in relation to their competitors, companies are endorsing celebrities.

Celebrities are individuals who are recognized by a large share of a certain group of people. Celebrities could be stars, singers, sports personnel, entertainer or anyone that manages to receive fame and continue to remain in the limelight. They enjoy mass adulation and lead lives that common people can only dream of. These people have attributes like attractiveness, special skills, or extraordinary lifestyle that are appealing to the people they are followed by. The attention that they manage to get for their personal as well as professional lives keeps

them in the news and on cover page of newspapers and magazines constantly. They are talked about and their lives are discussed and scrutinized. People follow their moves very closely and even mundane tasks that they perform could interest their fans and well-wishers. These celebrities have the power to bring the similar kind of attention on to the products they endorse too.

Using celebrities can help companies come up with ads and campaigns that produce positive effect on minds of the customers resulting in increase in purchase intention. Shamim Zaman, marketing manager of Unilever Nepal once said that Lux had a strong heritage of star endorsement, especially by personalities from the silver screen, which makes it an inspirational brand that lives up to its promise of delivering soft and smooth skin,(The Himalayan Times, 2011).

Celebrity endorsement is having public figures explicitly talk about the benefits of associating with a certain product to the common people. Since it is considered one of the easy ways to grab people's attention, many business organizations throughout the world have been using it to make the sales push. There are hundreds of well-known examples of celebrity endorsements, most of which were hugely successful due to proper endorsement strategy. Italian luxury brand Versace has used music icon Madonna and Hollywood stars Demi Moore and Halle Berry in its print adverts between 2005 and 2006, Mukherjee (2009). Celebrity endorsement is getting bigger and is being accepted as a norm by a lot of organizations globally. In the context of Nepal; though at a budding stage, it has been spreading rapidly amongst all types of institutions. Celebrities like Rajesh Hamal, Paras Khadka, and Rekha Thapa are some of the popular faces very prominent in the endorsement field. Getting them or any other renowned faces to be the spokesperson can be expensive, but it can be rewarding too if used in an effective manner.

1.2 Statement of the Problem

Companies appoint brand ambassadors for the promotion of products and to enhance their brand image. Though the use of celebrities and popular personalities for brand endorsement has been around globally, the trend has picked up only recently in Nepal, Karki (2013). Using a celebrity is more expensive than using regular talent because of the premium that has to be paid for the celebrity's appeal, Hoon (2011). Celebrity endorsements are not only expensive than non-celebrity endorsement, they are risky too, Mckee (2008). Yet, we see that many companies are opting to go with familiar faces to promote their products. The celebrity world

is one of the most potent sources of cultural meaning at the disposal of the marketing system and the individual customer. It is, therefore, not at all surprising that we should care about celebrities and the lives they lead. It would be much more surprising if we were indifferent and somehow above an interest in the world of stars, McCracken (2005). There may be many benefits of having celebrities endorse a product, but there has been no real research done to find out just exactly how much such associations help a product in Nepal's context. In India and most of the developed countries, it has been found that provided that the endorser fits right with the product, he/she can do wonders in terms of getting attention of the customers. Indians love their celebrities and blindly follow their suit. This has proved to be a boon for the marketers and celebrity endorsement is just getting better by the day. It has now become an indispensable part of the marketing communication strategy; Goyal (2012). The research is an effort to find out how successfully celebrities have been leveraged to improve a cosmetic product's brand strength in the context of Nepal. Brand equity here constitutes of brand image, brand awareness, brand loyalty and brand retention. The research is conducted to know just exactly how celebrity endorsements convince people to think favorably of a brand's equity and/or prefer the associated products if at all.

The study is conducted to gain more insight into the celebrity-brand equation and find answers to the following question:

-) What is the impact of celebrity endorsement on brand equity of cosmetic product?

1.3 Objectives of the Research

The main objective of the study is to examine the impact of celebrity endorsement on brand equity of cosmetic products in the Kathmandu Valley.

Accordingly, the following are the specific objectives of the study.

-) To analyze the effect celebrity endorsements have on brand equity of a cosmetic product;
-) To identify the attributes of celebrity endorsement that affects a cosmetic product's brand equity.

1.4 Significance of the Study

Nepal's cosmetic market is increasing every year. Consumers have become aware of the benefits of using cosmetic products. People are using it now more than ever. Realizing the potential of the market, many new and established brands are competing for customers' attention. This is a rapidly growing market with wide ranges of products from various

countries are available. The market boasts of leading cosmetics brands from the world. Some of the most popular brands like Loreal and Revlon are now available in Nepal. New brands are also entering the market at a rapid rate. Consequently, consumers have many brands to choose from and it has become all the more important for cosmetic producers to know just exactly how to grab their attention as well as make them prefer their brands over the others. Many of these brands use expensive celebrities for the purpose.

Producers and distributors can make use of this research to determine whether having celebrity endorsers can help them to maintain or increase their given product's brand strength. Actors like Aishwarya Rai and Katrina Kaif endorse Loreal and ads featuring them feature prominently on Nepali media.

The study helps to know the degree to which such endorsement positively influences customers' brand equity. It is helpful in understanding whether the celebrities have a say in consumer choice. Celebrity endorsement is more expensive than product advertisement with regular models. It should make business sense for the producers to use well known faces to promote their brands too. The study is also beneficial in finding out the kind of celebrities that need to be selected for endorsement if at all. Celebrities are people with distinct characteristics. They come with their own strengths and personal image. The characteristics and attributes that customers look for in a celebrity endorser can be understood better through the research.

1.5 Organizational structure of the Study

The thesis will be divided into five chapters. The first chapter will consist of introduction. The second provides literature review on past studies on similar topics around the globe. The review lays the foundation for this research. The third chapter discusses research methodologies which gives a clear understanding of various approaches selected to get accurate information from the population. In chapter four, data collected for the research and analysis of data is presented, and finally chapter five will discuss Summary and conclusions.

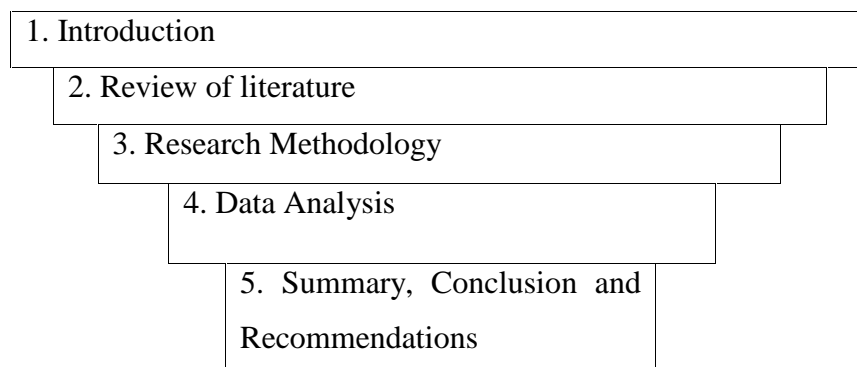


Figure 1.1: Organizational structure of the study

Chapter II

Review of Literature

This chapter reviews existing literature and discusses major concept of brand, brand preference, brand loyalty, brand equity, brand strength and celebrity endorsement that are subsequently related to the core aspects stated in research question. The empirical literature section will focus on the review of empirical studies undertaken on effect of celebrity endorsement on branding at different countries and in the context of Nepal.

2.1 Conceptual Review

The conceptual framework section reveals that the used variables are abstract from the prevailing theories and the previous related researches. Hence this section focuses on reviewing the theories that are relevant for this study.

Brand

American Marketing Association (2000), defined brand as "a name, sign, symbol or design or a combination of them, intended to identify the goods or services of one seller or group of seller to differentiate from those of competitors." Moij (1998) stated that brand is in almost in all customers' mind and it is assigned by a name or a symbol which can distinguish the goods and services from its competitors. The successful brand fabricates the customer to attract and retain them, it tries to generate values in the mind of customers which forms successful product, unique identification, Doyle (1998).

Brand equity

Brand equity is the value consumers assign to a brand above and beyond the functional characteristics of the product. Brand equity is nearly synonymous with the reputation of the brand. Brand equity is fragile because it is founded in consumer's beliefs and can be prone to large and sudden shifts outside of management's control because of consumer's exposure to information among other factors, Yuvaraj (2014). Consumers often analyze the reasons for their brand preferences, either willfully or as a consequence of market tactics. For example, some advertisement encourages consumers to think of the reasons they would prefer a particular brand. Building a strong brand in a marketplace is the goal of every organization. It provides a host of benefits for a firm, including less vulnerability to competitive marketing actions, larger margins, greater intermediary cooperation and support, and brand extension

opportunities, Delgado-Ballester and Munuera-Aleman (2005). Almost every marketing activity works, successfully, to build, manage, and exploit brand equity. Brand equity is defined as consumers' different response between a focal brand and an unbranded product when both have the same level of marketing stimuli and product attributes. The difference in consumer response may be attributed to the brand name and demonstrates the effects of the long term marketing invested into the brand, Donthu & Yoo (2001).

Brand Loyalty

American Marketing Association (2011) defines Brand loyalty as a positive feeling towards a brand and dedication to purchase the same product or service repeatedly now and in the future from the same brand, regardless of competitor's actions or changes in the environment. it can also be demonstrated with other behaviors such as positive word of mouth advocacy. Brand loyalty is where an individual buys products from the same manufacturer repeatedly rather than from other suppliers.

Celebrity Endorsement

Celebrity Endorsement is a form of advertising that uses famous personalities or celebrities who command a high degree of recognition, trust, respect or awareness amongst the people. Such people advertise for a product lending their names or images to promote a product or service. Advertisers and clients hope such approval or endorsement by a celebrity will influence buyers favorably. For example, Sachin Tendulkar endorsing motorcycles and biscuits can influence young men or children who look to him as a role model.

Ever since the marketers discovered the value of using celebrity in the brand image building, a wide variety of product has been represented by several celebrities. Hockley (2015) defined Celebrity as individuals who have achieved public recognition among consumers, leading them to develop a large fan base and a large community of followers. McCracken (1989) defined celebrity endorsement as any individual who enjoys public recognition and who uses this recognition on behalf of a consumer good by appearing with it in an advertisement.

Endorsement can confer on brand a larger than life image, and if the advertising follows the current celebrities and personalities, the endorsement can last quite long. The more famous or celebrated the endorser, the more expensive can it be to use that personality for a product.

Brand Preference

It is the measure of Brand loyalty in which a consumer will choose a particular brand in presence of competing brands. Singh, Ehrenberg and Goodhardt (2008) documented that brand preference refers to the consumer's hierarchical prioritization of the brand as a result of their patronage and cognitive comprehension of the brand. Brand preference is strongly linked to brand choice that can influence the consumer decision making and activate brand purchase. Brand Preference can be defined as the subjective, conscious and behavioral tendencies which influence consumer's predisposition toward a brand (Mohan Raj, P., 2016)

2.2 Review of Related Empirical Studies

This section reviews the empirical studies made previously on the celebrity endorsement and brand strengths. Various empirical studies have been made in the context of developed and developing countries. The review of major empirical studies has been organized as follows:

- i. Review of Empirical Studies
- ii. Review of major studies in Nepalese Context

2.2.1 Review of Empirical Studies

Various studies have been conducted so far on the area of celebrity endorsement and brand strength all over the world. Some of the important studies carried out related with this topic are as follows:

Bhargava (2015) concluded that celebrity endorsements positively impact the purchase intention of the consumers. The practice of celebrity endorsements has proliferated over time. Now days; it has become a pervasive element of advertising industry especially in India. Celebrity endorsement business has become a multi-million industry in India. Marketers use celebrity endorsers to influence the purchase decision of consumers in order to increase their sales and extend their market shares. Consumers find Celebrities to be Godlike. The celebrities could be cricket stars, movie stars or any personalities from any field. Marketers use this very preposition so as to influence their existing target customers or the potential ones. For the purpose, the big celebrities are roped in and given whopping amount of money. They believe that by doing this they can associate their products with their target customers. This aptly summarizes why innumerable products are endorsed by celebrities, with or without a significant need or benefit from the same. Every product has an image. The consumer tries to consume a brand which has the maximum fit with his or her own personality or image. The celebrity endorser fits in between these two interactions, where he tries to bring the image of

the product closer to the expectation of the consumer, by transferring some of the cultural meanings residing in his image to the product. Now, despite the potential benefits derived from celebrity endorsements, they increase a marketer's risk manifold and should be treated with full attention and aptitude. A brand should be cautious when employing celebrities to ensure promise believability and delivery of the intended effect. The growing importance of mythical characters as celebrities and their sway over the target segments are ample proof of public endorsements being more attractive and influential as compared to non-celebrity endorsements.

Yuvaraj (2014) revealed the reason for the choice of a selected cosmetic. Lakme is the preferred brand for Lipstick and make-up and Elite brand for Nail Polish. In case of eyeliner the preferred brand is Revlon and for fragrance the preferred brand is Avon. Most of the people prefer the same brand of cosmetics. The consumers consider the quality and price of the product at the time of purchase. The promised result of the product is also one of the factors considered in the decision making process. The consumers are quite satisfied with the existing brand of cosmetic they use. The awareness of the brand to the consumers is influenced by advertisement. Therefore proper advertisement is necessary for promoting the brands for the cosmetics.

Saaed and Bhatia (2014) in their research found out that the celebrity endorsement affects the brand image. According to them, age of celebrity is an important factor among the customers so that the product and celebrity can be related with this reference. Brands must have those celebrities as endorsers who is admired or in the same age bracket that the product is trying to reach out to. Celebrity compatibility with the brand must be there so that target customer can be captured easily to deliver the message by the company. Region of a celebrity does not have any significant effect in image building of brand. The origin of the celebrity or where they came from is irrelevant to the customers. Physical Attractiveness does not play any important role in image building of brand. A celebrity can be not so physically attractive and effectively deliver the message. The match-up between celebrity and customer has to be there. Popularity of celebrity is also very important. If a particular celebrity is less popular, then the impact of brand on customers mind will be least than what a highly popular celebrity can create while promoting a brand.

Sabunwala (2013) concluded that celebrity endorsements significantly impacts Brand Differentiation. Most of the beverage user associate themselves with the brand and

establishes congruence between their personality and that of brands. They establish a linkage between their lifestyle and that of brand which prompts them to go for a particular brand. The beverages are successful to make them do so irrespective of price, availability or any other factor. Celebrity endorsement has significant impact on a brand's image. Some part of the celebrity's personality does pass on to the endorsed brand in the mind of the customer. The product-celebrity matchup is very essential to give the right kind of message to the broader audience.

Francis and Yazdanifard (2013) stated that celebrity endorsement can be a truly profitable advertisement for retail companies to fully harness if the company knows about the star power and the image of the celebrity in relation to the power and the functions of the brand it wishes to be associated with, as long as those companies realize that the brand should be bigger than the celebrity itself. Otherwise it will overshadow the product to the point of being obsolete which it defeats the purpose of brand awareness and exposure. The companies will have to also consider when it is the right time to carry out the endorsement strategy based on the current season and trends, in other words, use the most popular and happening celebrity of that time. The customer perception and attitude towards the celebrities also has an influence in whether the brand is truly to be followed by consumers for brand recall, or just another ploy to gain more sales. In the end, be it to restore a failing brand, increase sales, or to further boost the image, celebrity endorsement can bring more glitz towards the retail brand's marketing strategy. They further state that celebrity endorsers are well used in situations involving high psychological and social risks: such as acceptance by others, self-image purposes, etc. When the endorser is well liked by the general public, even though there is a mismatch between the endorser's attributes and the brand's attributes, it still creates credibility for both the brand and the endorser. However; this strategy is experiencing a backlash in countries like China after there has been an over-endorsement between celebrities endorsing multiple brands such as those endorsed by Yao Ming. In terms of consumer satisfaction after buying a product that involves celebrity endorsers, the consumers are willing to pay a higher price for a premium product of a high quality simply because the celebrity endorser has a more positive image and well-respect.

Zafar & Rafique (2012) pointed out that celebrity endorsement seems to be the latest and majorly used technique by marketers these days. The use of multiple celebrity endorsers has the potential of confusing consumers about the brand's identity. Celebrities as well as the

organizations must be more discrete about their choices. Unless the endorsers convince customers that they are genuine users of the product, customers are not likely to make the purchase intention. The theoretical framework used in the survey has a) consumer attitude, and b) purchase intention in the dependent factors. The independent factors that affect these two variables are a) physical attractiveness, b) source credibility, c) celebrity/brand congruency.

The outcome of the research concluded that celebrity endorsement has reasonable impact on customers' attitude and purchase intention. In today's world, it is considered not only an influential factor but rather a causal factor for customer purchase or product attitude. The next finding of the survey is that celebrities have become a rage in today's society. They are worshipped as icons and they are very influential so much so that provided a customer perceives the physical attractiveness, credibility and the match between celebrity and the product to be favorable, he is likely to develop a favorable impression of the product which eventually leads to the purchase of that product. It goes as far as to claim that features of the product itself become secondary.

V... (2012) stated that celebrity endorsement persuades public awareness and creates lot of promotion. The consumers agree that celebrity endorsement bring an instantaneous awareness about the brand and draw their interest. The celebrity endorsed advertisements help the consumers to identify the needs, price, utility etc. The celebrity endorsement helps the consumers for creating alarming impression on their minds for recall and consciousness. It is intensely believed that they are able to recognize their product by the way the celebrity endorser performs in the advertisements. The celebrity endorsement influence is emanated in the form of attractive information, thoughtful influence and publicity.

Silva, Nikhashemi, Haque, Yasmin and Khatibi (2012) through their research revealed that there are four important factors for creating brand equity. The four factors are; functionality, image of brand, perceived quality of brand and brand loyalty.

The major finding of this study divulged that the perceived quality is the most important factor to build brand equity followed by brand loyalty, functionality and image. All these four factors have significant positive effect on brand equity. Although these entire factors are important, companies must also focus on their quality of service to live up to customers' expectations.

Roy (2012) did a research to understand the effectiveness of using overexposed celebrities for endorsement. The study had two major objectives. First, it would investigate whether a relatively overexposed celebrity would have a positive impact on the consumer attitudes than an underexposed celebrity. Secondly the study would also explore the effect of fit of the celebrity with the product brand endorsed and whether there is any interaction effect.

Experimental Design was selected as the methodology in this case because of its ability to test theoretical relations. The study findings indicated that paying a hefty fee for a popular celebrity who is already into multiple endorsements may not be an effective strategy for product promotion and may actually lead to a decrease in overall credibility of the celebrity. The findings also suggest that whatever be the level of exposure of the celebrity, it is always a safer option to go for a congruent celebrity product endorsement than an incongruent one. Thus the marketer should carefully select those celebrities who are perceived to be matching with the endorsed product. The other major finding of the research was that using a celebrity for endorsement is a better option than using a non-celebrity. Thus it encourages marketers to use celebrity endorsement strategy.

Pughazhendi and Ravindran (2012) revealed that consumers hold favorable attitude towards celebrity endorsements. The favorable perception of the celebrity endorsement does not necessarily extend so far as to influence customers to buy the endorsed product. Celebrity endorsement positively gives more visibility to the product endorsed. Celebrities have always been the easiest way to attract the customers because of their mass appeal. But celebrity endorsement sometimes creates overexposure, overshadowing of the brand as the endorser is talked about more than the product. Negative publicity of the endorser also negatively impacts customers' held perception of the endorsed brands. Through the research, they also revealed that not all the celebrity endorsers have significant effect on the consumer buying behavior. The mismatch between the celebrity and the product affects the effectiveness of the advertisements. The image portrayed by the celebrities in the public as well as in their personal lifestyle influences the effectiveness of the celebrity endorsed advertisements. The research also indicated that strong attachment to a celebrity encouraged positive attitude towards the advertisement and brand regardless of the number of endorsements. The demographic factors like age, gender and family income do not have much impact on the consumer buying behavior for the celebrity endorsed advertisements. Well known celebrities are more attractive than the non-celebrity models. They also found that celebrity endorsement

enhances product information and creates awareness among consumers. Such endorsements help them recall the brands. It also retains the brand image in the minds of the customers.

Ogunsiji (2012) stated that the power of a brand in the market place springs forth a cumulative function of the effectiveness of the whole endorsement process reflecting high profile brand market acceptability convergent on identifiable brand scale characterized by both the cognitive, affective and behavioral attitudes of the endorser. According to the research, celebrity endorsement is a type of channel in brand communication through which a celebrity acts as the brand's spokesperson and certifies the brand's claim and position by extending his or her personality, popularity and status in the society or expertise in the field to the brand. In short it is a tool of marked distinct differentiation that creates a niche in the market and among equals in the industry, and amongst the firms sponsoring the brand endorser.

According to it, there are facts that an organization must consider while choosing a celebrity to endorse its products. It is called the spirit of emulation which simply means that for the consumer, the brand functions as a means of identification that reduces search costs, search effort, and perceived risk, thereby facilitating a shortcut in purchase decision making, and represents a guarantee of quality and reliability. Forming a self-brand connection is a psychological manifestation of such equity at the consumer level. When consumers appropriate or distance themselves from brand associations based on celebrity endorsement, they do so in a manner that is consistent with self-related needs, such as self-enhancement. According to the findings there are several factors that must be considered before getting a celebrity on board. They are Celebrity-Product-Audience match, Celebrity popularity, and whether the celebrity has multiple endorsements running simultaneously. This study revealed that the endorsement process is effective when the power of a brand reflects market acceptability. When appropriate celebrities are chosen, the given brand is perceived more favorably than its competitor. The survey concluded that most experts believe that the most important dimensions of celebrity's effectiveness are trustworthiness and expertise with regard to the recommended product or service.

Low and Lim (2012) through the research concluded that competing in this fiercely competitive and very volatile business landscape requires organizations to continuously innovate them and their products to meet consumer expectations. The study revolved around understanding if a celebrity endorser added value to the brand equity of sport products. The consumers agreed that celebrity endorsement enhanced brand awareness and value and that

celebrity endorsers were better able to catch customers' attention towards a brand. The younger generation was also more receptive about the latest happenings on the media and surroundings. Celebrity endorsement helped them with identification and differentiation between brands.

The research method used to derive the conclusion was self-administered questionnaire. Some hypotheses were made and they were tested using SPSS technique. It concluded that majority of the consumers agreed that celebrity endorsers enhanced brand awareness and brand association; however, the influence of the endorser was not strong enough to influence the young consumers to lead to actual sales related purchase. Based on the findings, the respondents thought that the suitability of the endorser played an important role in the advertisement and its brand, but could lose credibility if he/she appeared on advertisements frequently. The findings also show that negative celebrity information would negatively influence the consumers' purchasing decisions as well because the society could not separate the celebrity's personal and professional lives.

Elberse and Verleun (2012) affirmed that celebrity, and in particular athlete endorsements are big business. Many sports apparel company spend millions of dollars on such endorsement, but many companies outside the industry are active participants as well. This study finds validation for the use of celebrity endorsers as an advertising strategy: a firm's decision to enlist an athlete endorser generally has a positive pay-off in brand-level sales –in an absolute sense and relative to them firm's competitor. In addition, the findings reveal that an athlete's performance can affect the rewards gained by a firm over time: sales and stock returns jumped noticeably with each major championship won by the athlete. The focal brand's equity and the endorser's reputation drive both effects.

Das and Padhy (2012) argued that brand is the most valuable asset of any company and promoting the product of that company through a brand ambassador can enhance brand value or equity which in turn can be leveraged through brand extension. Although brand personality also nourishes brands to gain market share, command premium price and insulates from discounting brands. Endorsing brands of any products through a well-known personality has become very prominent these days as they sort out the problem of over communication, provides instant recognition and transfers their goodwill to the brand. Many industries invest huge amounts of money as advertising expenditure for hiring the right celebrity. However there lies uncertainty with respect to the returns that the company might be able to garner for

the brand. The issue of matching the values of the celebrity with the brand values is also very important, that is getting the right celebrity to endorse the right brand. In this way consumers perceive the brand as having superior quality because it has been endorsed by a credible source. This makes endorsement as one of the indicators of quality for any brand. Corporate credibility along with endorser credibility plays a significant role in the attitude of the consumer towards the brand and the advertisement respectively. On the other hand, the over popularity of the celebrity sometimes overshadows the brand. When the celebrity is involved in multiple endorsements, it tends to create confusion among consumers and hence adversely affects the perception of the advertisement and the brand.

Ahmed, Mir and Farooq (2012) concluded that celebrities significantly impact the buying intention of the customers, Celebrity Endorsed advertisements are more influential than the Non-Celebrity one. Customers also give more preference to the Product-Celebrity Matchup as compared to the Physical Attractiveness of the Endorsers. For a product to hit the right note with its audience, it is essential that the endorser is popular for benefits that the product claims to provide. Attitude towards celebrity, Celebrity motivation, and celebrity personality association are three criteria consumers' use when they have to decide on a celebrity endorsed brand. Of the three, attitude towards the celebrity casts the least amount of impact on buying intentions of the customer. Customers are influenced more when they see that there is a good matchup between product and celebrity. Non celebrity endorsement is negative associated with the buying intention when the intention is to be formed solely based on the merit of advertisement. There are other factors customers look into when celebrities are not of primary significance. Whenever customers give secondary importance to the celebrities, they may focus on other factors related to the product that can be the quality of the product, affiliation with the brand or simply recommendation from the peer. They also remark that celebrities are personalities that are well known in public either because of their credibility or of their attractiveness or because of both of these. These two factors i.e. credibility, and attractiveness of a celebrity are said to be influential in shaping customers' buying behavior. Some important findings of the research were that most of the times, customers were attracted by the attractiveness of the celebrities, and influenced by the credibility of the endorsers. As a result, celebrities significantly impacted the buying intention of the customers. Next it also concluded that customers gave more preference to the product-celebrity matchup in comparison to the physical attractiveness of the endorsers. When

selecting celebrities, managers must look for fit between the product and the celebrity than focusing exclusively on his or her physical attractiveness.

Spry, Pappu and Cornwell (2011) examined the impact of celebrity credibility on consumer-based equity of the endorsed brand. The endorser credibility-brand equity relationship was developed using associative learning principles. According to the principle, an association passes on personalities of an individual to the associated product or individuals in the mind of others. In this case, learning principle was used to see whether endorser's credibility by association improved a brand's consumer-based equity.

The conceptual framework was tested using a field experiment. Data were collected using a mall-intercept approach at a shopping centre from a sample of consumers in a metropolitan Australian city. The data were analyzed using structural equation modeling.

Results from the research suggested that endorser credibility has an indirect impact on brand equity provided that there is already brand credibility in existence. Provided that a brand is considered trustworthy, a celebrity endorser adds to its equity. The chosen celebrity endorser must be perceived as credible based on his or her attractiveness, expertise and trustworthiness to create the bigger impact. Moreover, in this research, even a moderately low credibility endorser proved to be able to build the brand.

Jain (2011) concluded that celebrity endorsement was legible only to an extent. Celebrity Endorsement has an impact on sales only to a little extent and that celebrities should not always be used to endorse brands of various products. Consumers are motivated to buy products as a result of celebrity endorsement. They bring brand equity to the product. Celebrity endorsement helps in brand promotion. More people pay attention to advertisements that have celebrities in them. They are more attention grabbing. The research concluded that there's no harm in using celebrities for the endorsements so long as both the pros and cons of doing so are carefully weighed in.

Farhat and Khan (2011) pointed out that celebrity endorsement and advertising strategies if correctly blended in terms of marrying the strengths of the brands with the celebrity's personality indeed justify the high cost associated with this form of advertising. However, advertising needs to be aware of the complex processing underlying celebrity processing endorsement by gaining clarity on described concepts of celebrity source creditability and attractiveness, match-up hypothesis, and multiple product endorsement. Marketer has to

decide how far the benefits outweigh the risks associated. The research showed that congruence between a celebrity and a brand is an important concept, while considering the pre-attitude toward the ad featuring a celebrity endorsing a brand. It put forwards the empirical evidence for the general belief that, endorser and the Brand must have congruence between their personalities. The celebrity endorser should have a successful association with the chosen brand. Congruence between endorser's and brand's personality is quite important for converting a product/service into a brand, for making a brand more successful.

Mukherjee (2009) stated that to achieve positive effect of celebrity endorsement, value for the brand has to be created and managers must have the knowledge and expertise to exploit this value by developing profitable brand strategies. Overall research points to accumulated positive influence over the audience's recall and purchase intentions, with celebrities deemed more effective than using a typical consumer or expert. Successful celebrity or brand partnerships have resulted in significant gains in income for brand owners. The micro factors such as the need for interactivity, the degree of control exercised by consumers over messages received and increasing media fragmentation render celebrity endorsement a valid strategy. Careful management of brand image that impacts on brand associations stored in consumer memory is critical to a successful strategy. This study shows that consumers report higher self-brand connections for brands with images that are consistent with the image of a celebrity that they aspire to be like, particularly in the case when the image of the celebrity and the brand match. Study also examines how self-brand connections are formed. Celebrity endorsement effects are moderated by brand symbolism, such that brands that communicate something about the user yield stronger effects than brands that do not. In the case of inspirational celebrities, the positive effect of image congruency is stronger for those brands that are perceived to communicate something symbolic about the brand's user compared to those brands that do not. This finding is an important demonstration that consumers are motivated by their self-need to utilize brand associations derived from celebrity endorsement in a contingent fashion to construct and present their self-identities.

Chattopadhyay, Shivani and Krishnan (2009) studied the impact that various marketing mix had on brand equity. Brand equity is the incremental utility or value added to a product by its brand name. It is referred to as the tremendous value that the brand name brings to the producers, retailers and consumers of the brand. Several researches conducted have acknowledged that can be estimated by subtracting the utility of physical attributes of

products from total utility of a brand. Of the various factors that add value to a brand name, celebrity endorsement is one.

The research methodology used here is generation of pools of sample measures which were measured on a five point likert scale. The factors used here were identified based on what consumers perceived impacted a brand's image. Some of them were price, peer recommendation, country of origin, and celebrity endorsement. Interviews were conducted with sample population of major cities of India. The research found that celebrity endorsement does impact a product's perceived quality hence, brand's equity.

2.2.2 Review of Major studies in Nepalese Context

Very few studies have been conducted in the area of celebrity endorsement and branding in the context of Nepal.

Baniya (2017) investigated direct effect of components of celebrity endorsement: physical attractiveness, source creditability and celebrity brand match up on brand loyalty: attitudinal loyalty and behavioral loyalty. 220 general customers of branded products participated in the study. The result of the study showed that physical attractiveness, source credibility expertise and celebrity brand match up has positive impact on developing attitude towards the brand. However, only physical attractiveness and celebrity brand match up are associated with purchase intention.

Pokharel (2017) studies influence of celebrity endorsement on consumer buying behavior of fast moving consumer goods in Kathmandu. The study found significant association between celebrity with respect to age, gender, occupation and income level, except in case of education and location. Consumers also found celebrity endorsement more attractive and influential as compared to non celebrity endorsements. Moreover, the tested attributes showed positive relationship with purchase intention, except in case of expertise and trustworthiness of celebrity. The study concluded that celebrity attributes do impact the purchase intention of consumers.

2.3 Concluding Remarks

There have been many researches done on celebrity endorsement and its impact on overall products throughout the world. The concept of celebrity endorsement is in fact a topic of fascination for marketers in developed and big markets. India which is a neighbor for Nepal has been using the technique to gain customers' attention for decades now. There have been

innumerable surveys and researches there to find out its effectiveness. On the other hand, celebrity endorsement is at a preliminary state in our country. It has only been a few years since celebrities were used for their stature to sell products and services.

There has not been any research done on a big scale to find out whether celebrities have a say on consumers' preference in important sectors like manufacturing, service, or cosmetics in Nepal. Celebrities are influential and people listen to what they have to say. Their characters and personalities are imitated too. Some of them have gone on to have successful political career because of the influence they have had over the general public. Producers hire celebrities in hope that some of these adulations transfer to the products they are promoting. They are paid much more than regular models to market products including cosmetic ones. We see ads of many cosmetic products on television as well as other media featuring these celebrities, but no research has been done so far to find out its effectiveness in Nepal.

The research aims to fill the gap that exists between what cosmetic producers and distributors in the Nepali market know regarding celebrity endorsement's effect on a product's brand equity and what the actual scenario is.

2.4 Conceptual Framework

The study has been undertaken following the spirit of Baniya, R. (2013). The conceptual framework presented below (the diagram describing the relationship between explaining, moderating, and explained variables) is the basis on which the entire research stands. It elaborates the relationship among the variables, explains the theory underlying these relations and describes the nature and the direction of the relationships.

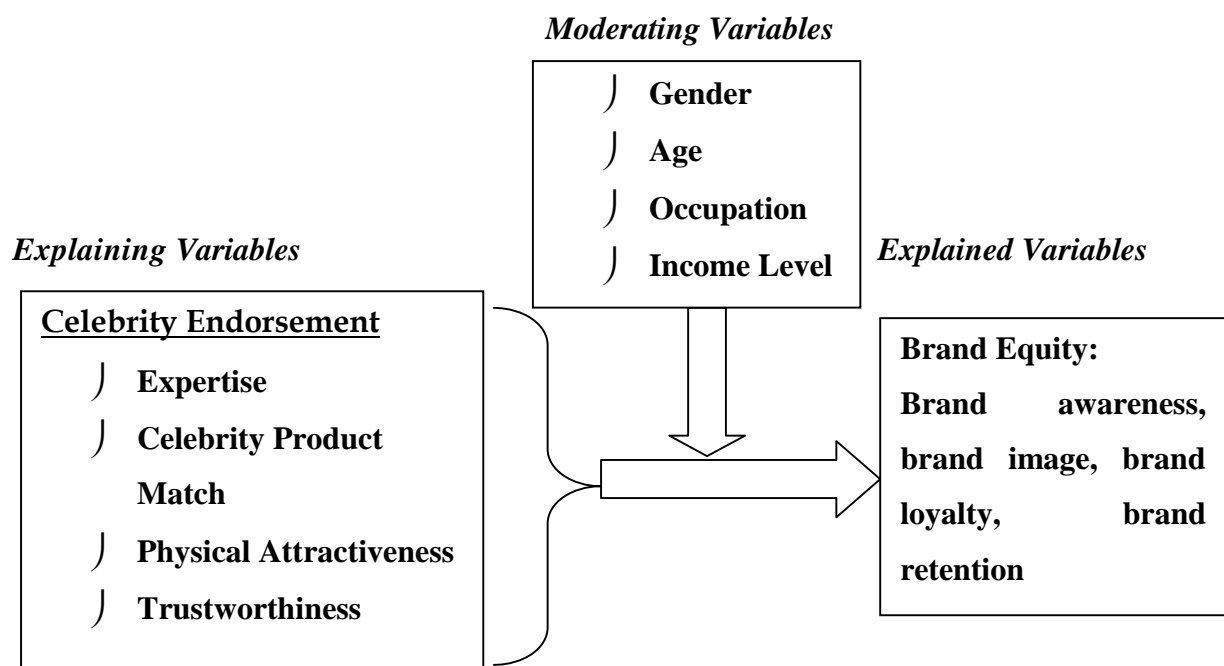


Figure 2.1 Conceptual Framework

Specification of variables:

Explaining Variables:

The explaining variables are the factors that are not influenced by any other factors. In this case, they are perceptions of celebrity endorsement and celebrity attributes. These variables affect the explained variables of the research.

-) **Celebrity endorsement:** Cosmetic producers get celebrities to endorse their brands. How wholeheartedly the concept of celebrity endorsement is accepted by the customers in itself becomes one independent variable of the study.
-) **Expertise:** It is the knowledge that the celebrity endorser has about the issues that the endorsed product is trying to address. It is defined as the extent to a source perceived to hold valid assertions by the target respondent (Hovland, Kelly, & Janis, 1953). It includes the knowledge, experience or skills that endorser had. Ohanian (1991) found that the perceived expertise of the spokesperson was consistently related to respondents' likelihood to purchase the product.
-) **Physical attractiveness:** Physical attractiveness is how physically appealing the celebrity endorser is to the customers. Langmeyer and Shank (1992) stated that celebrity attractiveness not only emphasize on physical beauty, but also non-physical beauty, such as charm and intelligence. Marketers always treat the physical attractiveness as one of criteria of choosing endorsers since it could influence people's attitudes on the advertisement and the products Kahle and Homer (1985). Cosmetic products are always perceived as enhancing one's attractiveness. By using attractiveness celebrity, customer may be perceived the product is element of the beauty formula Kahle and Homer (1985). Thus, using attractiveness celebrity endorser is common in cosmetic and product brand.
-) **Trustworthiness:** Trustworthiness is a quality of an individual that influences others to believe what he or she has stated. Trustworthiness defined as the degree of confidence in the source's intent to communicate the assertions considered to be most valid, Hovland, Kelly and Janis (1953). Celebrity with high trustworthiness would be easier trusted by the customer. Friedman (1979) stated that trustworthiness is the major determinant of source credibility.
-) **Celebrity product match-up:** The attribute seeks to identify whether there is a fit between what a celebrity endorser is known for and what the endorsed brand is trying to communicate to the customers. Endorser-product congruence was conceptualized as the match up hypothesis, Kamins (1990). Match-up is defined as differential impact that

different types of endorsers, often celebrities, have on the endorsed brand, Till and Shimp(1998). Celebrity endorsement effectiveness is determined by the degree of match between celebrity image and brand attributes. Highly congruency of celebrity and product would be a symbolic match between the brand image and celebrity image. So, the congruency between two parties would facilitate the development of association between brand and endorser, Kamins (1990).

Moderating Variables:

Moderating variables comprise the demographic variables included in the study. They are:

-) Gender: It includes male and female customers of cosmetic products in Kathmandu valley.
-) Age group: It includes customers ranging from the age group of 18 and above.
-) Occupation: This includes customers of five categories which are students, freelancing, service, business, and those in occupations other than the stated four.
-) Income level: This includes customers with income ranging from below Rs. 25,000 per month to over Rs. 101,000 a month.

Explained Variables:

The explained variable is the factor that is influenced by variety of factors. Brand strength is the explained variable of the study.

Brand Equity: Brand equity is the value of the brand in the marketplace. Simply put, a high equity brand has high value in the marketplace, Pulling (2008). Brand equity is a multidimensional concept. It consists of brand awareness, brand relations and other proprietary brand assets Aaker (1991). Keller (1993) suggested brand awareness and brand image as two components of brand equity. Brand retention is another element of brand equity, Sivesan (2013). The four components of brand equity chosen for the research were a) Brand image, b) Brand awareness, c) Brand relation, and d) Brand retention.

Chapter III

Research Methodology

3.1 Research Design

This study is specially designed to find the impact of celebrity endorsement on customer's brand perception. Products are competing with one another to gain more customer attention and confidence. Having celebrities to endorse products is one of the methods recently adopted by several products and companies present in Nepal. The research is designed to assess the tactic's effectiveness. It focuses on different factors such as celebrity's credibility, expertise, trustworthiness, and attractiveness that influence a brand's equity. Multiple research designs have been employed in this study for accomplishing different objectives. Descriptive as well as analytical research designs have been used in the study.

3.2 Nature of Data

Data collection is a process of collecting information from all the relevant sources to find answers to the research problem, test the hypothesis and evaluate the outcome. Primary method of data collection has been used to complete the research.

3.2.1 Primary Data

Quantitative and Qualitative have been collected for the study and questionnaire were filled up by respondents who had some sort of access to media. The questionnaire included structured questions, single response questions, multiple response questions and likert scale questions.

3.2.2 Validity and Reliability

To assure validity of the research, questionnaire was finalized only after collecting secondary data and conducting Pilot Testing. Previous studies were also considered under the supervision of the mentor to prepare the questionnaire. In order to ensure the questionnaire prepared was well structured, a pre testing was done by distributing the set questionnaire to 10 people who were nearby the researcher's approach.

Reliability was tested with Cronbach's coefficient alpha.

Variables	Cronbach Alpha
Physical Attractiveness	0.821
Expertise	0.695

Celebrity/brand match- up	0.713
Trustworthiness	0.744
Brand Equity	0.815

Note: From Researcher's Survey, 2018

The Cronbach's Alpha for the above variables has been computed with the help of SPSS tool. It depicts that data generated from the survey has internal consistency, thus, further test can be done on this data.

3.3 Population and Sample

The population of this research is Nepalese people residing within Kathmandu valley who are influenced by advertisements and celebrity endorsement of the products featured in those advertisements. This survey uses non-probability sampling technique. Under this technique, convenience sampling is used because this survey is an exploratory research where the sample is selected as per the convenience to get an inexpensive approximation of the truth.

3.4 Data Analysis Tools and Methods

For data management, Statistical Package for the Social Sciences (SPSS) software has been used. The collected data has been logically and systematically recorded using SPSS software and analysis has been done as per the requirement of study. Descriptive as well as statistical analysis has been used for analyzing data.

3.6 Limitations of the Study

Every research has its strengths and weaknesses on the various dimensions it covers. The limitations of this study are as follows:

-) Market of cosmetic products is dynamic. Many factors shape a brand's equity or customer's preference. Analyzing all the variables would be complex and time consuming. Only celebrity endorsement has been selected to assess the effect it can have on a given brand.
-) Academic research of the level is time-frame specified and an in-depth analysis may not be possible in the duration.
-) The study takes into consideration customers of cosmetic products residing inside Kathmandu valley only.
-) Assumption has been made that Kathmandu's population have access to media and make purchase decisions when it comes to cosmetic products.
-) The end result is not exhaustive of the entire population of Kathmandu Valley. The sample size for the research is 220.

Chapter IV

Presentation and Analysis of Data

The data and information collected from the respondents are presented, interpreted, and analyzed according to responses collected in the field survey. Every questionnaire was checked after the collecting them from respondents. The data was first recorded in MS Excel and sorted according to their homogenous components. Then the data were interpreted and analyzed using Excel yet again. This chapter analyzes the impact of celebrity endorsement on cosmetic products' brand perception. Frequency tables, along with descriptive statistics, correlation analysis and Anova test have been used. Correlation and Anova test have been employed to understand the kind of relationship that exists between celebrity endorser or endorsement and brand strength.

4.1 Presentation and Analysis of Primary Data

This section attempts to analyses the survey response of the respondents from Kathmandu valley. The study used a questionnaire survey method to find out the attributes of celebrity endorsement. Total 220 questionnaires were distributed to the respondents residing in Kathmandu valley. This response rate was possible only after the researcher made personal calls to many of the respondents informing them of the true intention of the research and personally administering the questionnaires.

4.1.1 Respondent's Profile

The first part of questionnaire tried to obtain the background information of the respondent. Several questions were included in the questionnaire to find out the general information about the respondent. The tables below present the response of the respondents with respect to their gender, age, occupation, income level.

Table 4.1 Profile of respondents based on personal characteristics

Panel A: Distribution of respondents according to gender		
Gender	Frequency	Percent (%)
Female	143	65
Male	77	35
Total	220	100
Panel B: Distribution of respondents according to age group		
Age Group	Frequency	Percent (%)
18-29	143	65
30-39	51	23
40-49	18	8
50-59	6	3
60 and above	2	1
Total	220	100
Panel C: Distribution of respondent according to occupation		
Occupation	Frequency	Percent (%)
Service	110	50
Student	58	26
Business Person	22	10
Freelance	20	9
Other	10	5
Total	220	100
Panel D: Distribution of respondent according to income level		
Income per month (in Rs)	Frequency	Percent (%)
25,000 or less	103	47
26,000-50,000	73	33
51,000-75,000	20	9
76,000-100,000	15	7
101,000 and above	9	4

Note: From Researcher's Survey, 2018

This table 4.1 presents the classification of respondents according to the personal characteristics. Panel A represent the gender of respondents, Panel B age, Panel C occupation and Panel D income level. The first column represent the characteristics of respondents second column represents response rate of respondents , similarly third column represents their percentage in the total 220 respondents. This percentage of responses is

computed dividing the number of responses by the number of respondents, multiplied by 100

Panel A of table 4.1 shows that out of 220 respondents, 143 were female which comprises of 65 percent of the respondent while 77 were male which comprise 35 percent of the total response.

Panel B of the table 4.1 shows the distribution of respondents according to age group. The result shows that large number of respondents belongs to age group of 18-29. This age group covers 65 percent of the total respondents. Similarly the age group 30-39 covers the 23 percent of the total respondents while, the respondents from 40-49 years are 18 which covers 8 percent and between the age group 50-59 are 6 which represents 3 percent of the total respondents. The respondent above 60 covers only 2 percent.

Panel C of the table 4.1 depicts the distribution of response according to the occupation of respondents. The result shows that majority of the respondents are service holders. Out of 220 respondents 110 respondents are service holders which cover 50 percent. The other respondents are students (26 percent), business person (10 percent), freelancer (9 percent) and others 5 percent respectively.

Panel D of the table 4.1 represents the response rate of income per month of respondents. The table shows that 47 percent have income of Rs. 25,000 or less per month. 33 percent have income between Rs. 26,000 - Rs. 50,000. 9 percent of the respondents made above 51,000 and below 75,000 per month. There were 7 percent respondents who made between Rs. 76,000 to Rs. 100,000 a month and only 4 percent made income above Rs. 101,000 per month.

4.1.2 Response based on brand preference and celebrity endorsement

The second part of questionnaire tried to obtain information related with favorite brand of cosmetics, favorite celebrity endorser, and preference of celebrity on brand choice, respondent's first choice. The tables below present the response of the respondents regarding the above mentioned things.

Table 4.2 Profile of respondents based on celebrity endorsement and brand preference.

Panel A: Distribution by favorite brand of cosmetics		
Favorite Brand	Frequency	Percent (%)
Garnier	62	28
Loreal	57	26
Lakme	22	10
Lotus	20	9
Neutrogena	6	3
Other	53	24
Total	220	100
Panel B: Distribution by favorite celebrity endorser of cosmetic product		
Favorite Brand	Frequency	Percent (%)
Nobody in particular	31	14
Aishwarya Rai	26	12
Deepika Padukone	26	12
Katrina Kaif	18	8
John Abraham	18	8
Priyanka Chopra	15	7
Kareena Kapoor	11	5
Other	75	34
Total	220	100
Panel C: Response to whether celebrity preference affects brand choice		
Response	Frequency	Percent(%)
Yes	66	30
No	114	52
Not sure	40	18
Total	220	100
Panel D: Response to the first brand name of cosmetic that comes to mind		
Favorite brand of cosmetic that comes in mind	Frequency	Percent(%)
Fair and Handsome	7	3
Faire and Lovely	9	4
Lakeme	44	20
Loreal	39	18
Garnier	39	18
Lotus	11	5
Nivea	11	5
Oley	18	8
None	7	3
Other	37	17
Total	220	100

Note: From Researcher's Survey, 2018

This table 4.2 presents the classification of respondents according to the personal characteristics. Panel A represent distribution by favorite brand of cosmetics, Panel B represents distribution by favorite celebrity endorser or cosmetic products, Panel C represents response to whether celebrity preference affects brand choice and Panel D represents response to the first brand name of cosmetic that comes to mind. The first column represent the characteristics of respondents second column represents response rate of respondents , similarly third column represents their percentage in the total 220 respondents. This percentage of responses is computed dividing the number of responses by the number of respondents, multiplied by 100

Panel A of table 4.2 presents the response on favorite brand of cosmetics. About 28 percent responded by saying that Garnier was their favorite brand of cosmetic. Loreal was listed by 26 percent of respondents as their favorite brand. Lakme and Lotus made up 10 percent and 9 percent of the total respondents' favorite brands. Neutrogena was a favorite of 3 percent.

Panel B of table 4.2 shows the responses on favorite celebrity endorser of cosmetic product. The table reveals that Aishwarya Rai and Deepika Padukone were rated favourite celebrity endorser by 12 percent each. Katrina Kaif and John Abraham were favourites of 8 percent each of the respondents. 7 percent listed Priyanka Chopra as their favourite Celebrity while 5 percent cited Kareena Kapoor as their favourite. 14 percent respondent said that they had no particular favourite while the remaining 34 percent listed various other celebrities as their favourite endorser. John Abraham was the only male celebrity among the six celebrities that received 5 percent or more votes as their favourites.

Panel C of the table depicts the response on whether celebrity preference affects the brand choice. The respondents were asked if celebrity preference affected their brand choice. 30 percent responded that celebrity does affect their brand choice. 52 percent said that celebrity had no influence on their choice while 18 percent of the remaining respondents said that they were unsure whether celebrity endorser had any effect on their brand choice.

The response rate of consumer to the first brand name of cosmetic that comes in their mind is presented in Panel D of table 4.2. When respondents were asked to recall the first brand of cosmetics that came to their mind, 20 percent mentioned Lakme. Loreal and Garnier were the two brands that came to mind of 18 percent respondents each. 8 percent responded with Olay while Lotus and Nivea got 5 percent each. Of the total respondents, about 4 percent said Fair and Lovely came to their mind first while other 3 percent cited Fair and Handsome as the first

brand. Total of 3 percent respondents said no brand in particular came to their mind while 17 percent of the respondents had various other brands listed as the ones that were the first one to do so.

4.2 Descriptive Statistics

In this section, descriptive statistics regarding factors investigated in the research are presented. The descriptive statistics used in this study consists of maximum, minimum values, mean and standard deviation associated with the variables under consideration. The results have been processed in SPSS. The descriptive statistics for the variables used in this study is presented in table 4.3.

Table 4.3 provides a summary of the descriptive statistics for the dependent and independent variables of the study. The value of mean median and standard deviation of independent variables expertise, celebrity match up, physical attractiveness and trustworthiness and dependent variable brand strength is presented in the table below.

Table 4.3 Descriptive Statistics

	N	Min	Max	Mean	Std. Deviation
Expertise	217	1	5	2.572	0.85140
Celebrity Match-up	218	1	5	2.639	0.70138
Physical attractiveness	220	1	5	3.338	0.80499
Trustworthiness	217	1	5	2.783	0.88293
Brand equity	218	1	5	2.437	0.76053
Valid N (list wise)	211				

Note: From Researcher's Survey, 2018

Looking at the mean for each of the variables that affect brand equity, it has been found that on average, consumers perceive the celebrities endorsing the brand to be attractive but lacking other attributes such as trustworthiness and expertise. Also, on average, consumers feel that there is no match between the celebrity and the brand they are endorsing.

Likewise, the mean scores for brand equity show that consumers do not perceive the brand positively and are not willing to purchase any product or service because of the influence of the celebrities endorsing them.

4.3 Correlation Analysis

In the section, correlation analysis is carried out to find out about the relationship between the variables. Correlation analysis helps to determine the strength of each of the relationships between the independent and dependent variables. In order to determine the strength between the variables, the Pearson Correlation analysis has been carried out. The relation between the attributes of the celebrity endorsing the brand and brand equity has been tested. The result has been shown in the given table 4.4.

Table 4.4 Pearson Correlation

		Brand equity	Physical Attractiveness	Trustworthines	Expertise	Celebrity match-up
Pearson Correlation	Brand Equity (Sig1- tailed)	1 0.000				
	Physical Attractiveness (Sig1- tailed)	0.366 0.000	1 0.000			
	Trustworthiness (Sig1- tailed)	0.294 0.000	0.487 0.000	1 0.000		
	Expertise (Sig1- tailed)	0.461 0.000	0.318 0.000	0.576 0.000	1 0.000	
	Celebrity Match-up (Sig1- tailed)	0.435 0.000	0.356 0.000	0.532 0.000	0.511 0.000	1 0.000

Note: From Researcher's Survey, 2018

This table shows the correlation coefficients of the variables employed for the study which are attribution of celebrity endorsement and brand strength where the attribution of celebrity endorsement is represented by physical attractiveness, trustworthiness, expertise and celebrity match up. The Pearson correlation is used for the analysis. P-value is given in row in each cell.

The table 4.4 shows the relationship between attributes of celebrity endorsing the brand and brand strength. Based on the results, there seems to be a significant positive relationship between celebrity endorsement and brand strength. This means that the independent variables are positively correlated with the dependent variable.

From the above table, we can see that all attributes of celebrity endorsement have significant positive relationship with brand strength. Among the attributes of the celebrity, physical attractiveness has the highest mean value of 3.338 which indicates that customers found the celebrity endorsing the brand to be attractive. Physical attractiveness had a positive correlation of 0.366 which is above the 0.300 range and is hence not weakly correlated. Similarly, trustworthiness had a positive correlation score of 0.294 which indicates that the celebrity in general had weak positive correlation with brand strength. In addition to this, the celebrity expertise and celebrity match-up had the highest positive correlation value of 0.461 and 0.435 respectively for brand strength. Therefore, all attributes had significant relationship with brand equity, celebrity match-up and expertise had the highest correlation value. This suggests that overall brand equity is much more affected by expertise and celebrity match up variable.

As said by Cohen (1983) any value ranging from 0.30 to 0.49 in the Pearson correlation analysis, is termed as having a medium strength in the relationship. In this regard, it can be said that physical attractiveness and trustworthiness have a medium strong relationship with attitude whereas, expertise and celebrity match-up have a strong relationship.

4.4 Regression Analysis

Regression analysis is used in order to determine the pattern of the relationship between the variables after a relationship has been proved with the help of correlation analysis. In this section, the value of the independent variable is used in order to predict the value of the dependent variable.

Table 4.5

Multiple Regressions of Explanatory variables and Explained variable

Table 4.5 presents multiple regression analysis with explanatory variables; Physical attractiveness (PH), trustworthiness (T), expertise (EX) and celebrity product match-up (CPM) and explained variable; brand equity (BE). The regression model presented in the study is $BE = \beta_0 + \beta_1 PA + \beta_2 T + \beta_3 EX + \beta_4 CPM + e$. The asterisk (***) sign indicates that results are significant at 0.1 level of significance.

Explanatory Variable	Explained Variable	
	Brand Equity	
	Coefficient	P-value
Physical Attractiveness	1.212	0.012***
Trustworthiness	2.413	0.030***
Expertise	1.854	0.018***
Celebrity Product Match-up	4.541	0.007***
Constant	0.694	0.000
R Square	0.26.9	
Prob> F	23.62 (P=0.0021)	

Note: From Researcher's Survey, 2018

Regression analysis has been conducted to establish relationship between celebrity endorsement and brand equity. The result presented in table 4.5 shows that there is a significant positive relationship between celebrity endorsement and brand equity. The P value (Physical attractiveness=0.012, Trustworthiness=0.030, Expertise=0.018 and Celebrity Product Match-up= 0.007) indicates that brand endorsement has positive impact on brand equity. The value of R square is considered to indicate how much of the total variation in the dependent variable i.e. attitude towards brand can be explained by the independent variable that is celebrity endorsement. As seen in the table, the attributes of the endorsing celebrity is able to explain only 26.9 percent of total variations for brand strength. This states that besides the attributes that have been considered in the research, there are various other factors that can affect the brand equity of cosmetic products.

Table 4.6: ANOVA- Celebrity Endorsement and Brand Equity

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	33.608	4	8.402	23.457	0.000
Residual	73.784	206	0.358		
Total	107.392	210			

Note: From Researcher's Survey, 2018

In this table, the p-value is less than 0.05, which means that there is a statistically significant relationship between independent and dependent variables of the model. Thus, the regression model statistically significantly predicts the dependent variable.

4.5 One-way ANOVA Analysis

In this section, one way analysis of variance (ANOVA) is used to determine if there are any significant differences between unrelated independent groups. Here, one way ANOVA has been used to test the significance of the moderating demographic variables and to determine if there are any significant differences between how the different groups perceive the brand or product endorsing celebrities that have been featured in the advertisement.

The demographics include independent groups based on gender, age group, occupation and income level, which have been computed separately with the help of one way ANOVA in SPSS.

Table 4.7 : One-way ANOVA- by Gender

		Sum of Squares	Df	Mean Square	F- Stat	Sig.
Attractiveness	Between Groups	0.645	1	0.645	1.002	0.318
	Within Groups	139.109	216	0.644		
	Total	139.755	217			
Trustworthiness	Between Groups	0.858	1	0.858	1.092	0.297
	Within Groups	167.354	213	0.786		
	Total	168.213	214			
Expertise	Between Groups	1.654	1	1.654	2.300	0.131
	Within Groups	153.865	214	0.719		
	Total	155.518	215			
Celebrity Match-up	Between Groups	0.261	1	0.261	0.528	0.468
	Within Groups	105.761	214	0.494		
	Total	106.022	215			
Brand Strength	Between Groups	0.077	1	0.077	0.149	0.700
	Within Groups	111.122	215	0.517		
	Total	111.199	216			

Note: From Researcher's Survey, 2018

The results from the table 4.5 indicate that there is no statistically significant difference between how male and female perceive the celebrities who are featured in the advertisements for endorsing a particular brand or product. It also shows that there is no statistically significant difference between how consumers form attitudes about particular brands and how they decide on buying a certain brand or product.

Table 4.8: One-way ANOVA-by Age

		Sum of Squares	df	Mean Square	F	Sig.
Attractiveness	Between Groups	1.435	3	0.478	0.740	0.529
	Within Groups	138.319	214	0.646		
	Total	139.755	217			
Trustworthiness	Between Groups	3.202	3	1.067	1.365	0.255
	Within Groups	165.011	211	0.782		
	Total	168.213	214			
Expertise	Between Groups	8.133	3	2.711	3.899	0.010
	Within Groups	147.386	212	0.695		
	Total	155.518	215			
Celebrity Match-up	Between Groups	3.926	3	1.309	2.717	0.046
	Within Groups	102.096	212	0.482		
	Total	106.022	215			
Brand Strength	Between Groups	6.764	3	2.255	4.599	0.004
	Within Groups	104.435	213	0.490		
	Total	111.199	216			

Note: From Researcher's Survey, 2018

The result shows that age group has a statistically significant difference between expertises, celebrity match-up and brand strength. This means that, different age groups have different ways of thinking and deciding when it comes to the attributes of the celebrities like expertise and celebrity and brand match-up. This also states that different age groups form attitudes differently and consequently intend on purchasing a certain brand or product differently. However, there is no statistically significant difference when it comes to how consumers perceive the physical attractiveness and trustworthiness in the celebrities.

Table 4.9: One-way ANOVA- by Occupation

		Sum of Squares	Df	Mean Square	F	Sig.
Attractiveness	Between Groups	0.260	4	0.065	0.099	0.983
	Within Groups	139.494	213	0.655		
	Total	139.755	217			
Trustworthiness	Between Groups	1.948	4	0.487	0.615	0.652
	Within Groups	166.265	210	0.792		
	Total	168.213	214			
Expertise	Between Groups	5.945	4	1.486	2.096	0.082
	Within Groups	149.574	211	0.709		
	Total	155.518	215			
Celebrity Match-up	Between Groups	2.803	4	0.701	1.433	0.224
	Within Groups	103.219	211	0.489		
	Total	106.022	215			
Brand Strength	Between Groups	7.682	4	1.920	3.933	0.004
	Within Groups	103.518	212	0.488		
	Total	111.199	216			

Note: From Researcher's Survey, 2018

From this table, it can be seen that there is a statistically significant difference among the consumers with regards to attitude towards brand equity. This means that consumers with varying occupation significantly differ when it comes to attitude formation and buying behavior. However, there is no statistically significant difference among the consumers with

different levels of when it comes to the attributes of the celebrities endorsing the brand or products.

Table 4.10: By Level of Income

		Sum of Squares	df	Mean Square	F	Sig.
Attractiveness	Between Groups	3.973	5	0.795	1.267	0.279
	Within Groups	132.348	211	0.627		
	Total	136.321	216			
Trustworthiness	Between Groups	7.721	5	1.544	2.019	0.077
	Within Groups	159.087	208	0.765		
	Total	166.808	213			
Expertise	Between Groups	7.963	5	1.593	2.270	0.049
	Within Groups	146.611	209	0.701		
	Total	154.574	214			
Celebrity Match-up	Between Groups	2.176	5	0.435	0.876	0.498
	Within Groups	103.846	209	0.497		
	Total	106.021	214			
Brand Strength	Between Groups	6.398	5	1.280	2.600	0.026
	Within Groups	103.359	210	0.492		
	Total	109.757	215			

Note: From Researcher's Survey, 2018

Depending on the level of income, it is seen that there is a statistically significant difference between the groups in regards to expertise and attitude towards the brand. On the contrary, even with the varying income levels, there is no statistically significant difference

when it comes to the other attributes of the consumer like physical attractiveness, trustworthiness and celebrity and brand match-up. Likewise, the way people tend to purchase the products also remain same even with varying income levels.

Table 4.11 Summary of Result

Hypothesis	Sub Hypothesis	Significance	Result
H ₁ : There is a positive relationship between celebrity endorsement and brand equity	There is a positive relationship between attractiveness and attitude towards brand equity.	0.000	Supported
	There is positive relationship between trustworthiness and attitude towards brand equity.	0.117	Not Supported
	There is positive relationship between expertise and attitudes towards brand equity.	0.000	Supported
	There is positive relationship between celebrity match-up and attitude towards brand equity.	0.000	Supported
H ₂ : The demographics have a moderating effect on brand strength with regards to celebrity endorsement	Age has a moderating effect on consumers with regards to celebrity endorsement.	-	Significant for all except Attractiveness
	Gender has a moderating effect on consumers with regards to celebrity endorsement.	-	Not Significant
	Occupation has a moderating effect on consumers with regards to celebrity endorsement.	-	Significant for Expertise
	Level of income has a moderating effect on consumers with regards to celebrity endorsement.	-	Significant for trustworthiness, expertise, celebrity match-up

4.6 Major Findings

- i. Celebrity endorsement and brand equity have a significant relation since the independent and dependent variables are positively co- related.
- ii. Celebrity endorsing brand are popular among consumers and all the attributes of celebrities have significant relation with brand equity. Attributes like physical attractiveness has the highest mean value of 3.338 which tells that celebrity endorsing brand is found to be attractive.
- iii. There is positive relationship between brand equity and trustworthiness of a celebrity but with correlation value 0.294, it can be said that trustworthiness of celebrity has weak relationship with brand equity. Consumers don't give importance to this attribute while choosing product and their buying behaviour is not much affected by this part of attrite of a celebrity.
- iv. Brand equity is much more affected by the attributes like celebrity expertise and celebrity/ brand match- up. Since celebrity endorsing products have significant relation to brand equity, consumers are more aware of the products and they are willing to buy those products that match with celebrity's credibility.
- v. Celebrity endorsement and attributes is also influenced by the level of income of consumers. Consumers having different level of income take celebrity endorsement and attributes differently.
- vi. Gender does not make any difference regarding celebrity endorsement. Both male and female perceive celebrities in a similar manner and their buying behavior is not much affected or changed due to celebrities featuring advertisements
- vii. Age is a factor that has significant relationship with reference to celebrity attributes. Consumer's purchase decision is much affected due to age factor. Different age groups perceive celebrity endorsement and attributes differently.
- viii. Consumer's occupation has moderate difference with regards to attitude towards brand equity which affects buying behaviour but it has no relation to endorsement of celebrity.

Chapter V

Summary, Conclusions and Recommendations

In this chapter, an attempt has been made to summarize the whole study, draw conclusion based on basic findings and recommend the possible measure based on findings and conclusions.

5.1 Summary

Brand equity of cosmetic products is moderately affected by celebrity endorsement. Celebrities are useful when it comes to creating awareness about brands. They are also advantageous in maintaining a good brand image and increasing brand recall. Those brands that have celebrities enjoy better recall, better image, and more awareness. Though the impact is not seen as strongly on customer retention, celebrity endorsement still has moderate effect on it.

Celebrity attributes effect how customers perceive brands the celebrities are endorsing. Attributes are those qualities of celebrities that are considered by customers while assessing a given brand's equity. There are four essential qualities important to gauge the influence of the celebrities. They are attractiveness, trustworthiness, expertise, and product celebrity match-up. The research showed that celebrities that are considered physically attractive are taken more seriously. It goes without saying that cosmetic products exist to make customers' more attractive. When the given brand is endorsed by someone who the target audience finds physically more appealing, the equity of brand goes higher. Customers must also find the said celebrity trustworthy. His/her credibility makes a difference in how the equity of the brand is perceived. Those that have made a mark in their fields are more trustworthy than those who are new. Aishwarya Rai, Deepika Padukone, Katrina Kaif, and Kareena Kapoor are some of the celebrities who endorse cosmetic products. They have established their name and are considered physically attractive too. The research concluded them to be also some of the most preferred celebrities for endorsement. The matchup between celebrity and brand must also exist for its brand equity to increase. Their personalities should match the personality of the endorsed brand. When it happens, the positive influence takes place. Celebrities do not have to be expert in the area of endorsement for a brand to enjoy more equity. An

athlete who is not an expert on beauty can successfully impact a brand if the individual has other three attributes.

Consumers brand preference of a cosmetic product is not solely based on its endorser. In fact most of the times they are not sure whether their preferred brand has any celebrity endorser. It points towards one obvious fact and that is cosmetic brands are chosen for reasons other than popular faces that represent them to the public. Customers mostly purchase products that they truly like. Products that they prefer or even recall do not always have a celebrity or even if they do, they are not aware of it. Men and women both pay more attention to those cosmetic ads that have female celebrities. There are several advertisement of cosmetic products targeted towards men that feature popular male celebrities. Despite their presence, men prefer ads with female celebrity endorsers like their counterpart. Even though their preference is for female celebrities, they prefer products that are specifically designed for men.

The research concluded that people of different age groups view celebrity endorsements differently. Their take on celebrity endorsement, and celebrity attributes and their subsequent impact on brand's equity differ significantly across age-groups. It also showed that people with different income levels perceive the impact that celebrity attributes have on a brand's equity differently. Celebrity attribute which consists of trustworthiness, expertise, celebrity-product match, and attractiveness influences brand equity according to different income level population.

5.2 Conclusion

The research is based on the primary method of collection of data. Questionnaires were distributed for the survey, 220 sample populations were taken for the study assuming it as a population of Kathmandu valley.

The research was conducted with objectives of finding out the kind and extent of influence that celebrity endorsement has on cosmetic product's brand equity. Brand equity consists of brand image, brand awareness, brand loyalty and brand retention. The research showed that celebrity endorsement has moderate positive effect on brand equity. Celebrity attributes and their effect on brand equity of cosmetic products was another area the research divulged. The result showed that attributes of celebrities also have moderate effect on brand equity. Four attributes of celebrities have been considered for the study. They were expertise, trustworthiness, celebrity product match-up, and physical

attractiveness. Among the four, it was seen that expertise though moderate has the least impact.

The research also concluded that there is no significant association between gender and impact celebrity endorsement has on brand equity. Neither male nor female population view endorsement any differently and are as much affect by celebrities as the other. With that said, there is association between celebrity endorsement and its link with brand equity with reference to age group. Age has an effect on how celebrity endorsement is perceived and how celebrity attributes can influence their perception. There is also an association between celebrity attributes and its link with brand equity with reference to income level. People with different income level perceive the impact celebrity attributes have on a brand's equity differently.

5.3 Recommendation

Celebrity endorsement is seen as a popular way of gaining customer attention. In the competitive world, it is one of the ways in which companies including cosmetic producers distinguish their products from hordes of others. The study highlights following points for increasing the brand equity of cosmetic products.

) Female celebrity endorsers can be used to endorse men cosmetics as well. Female celebrities are preferred more by both the genders when it comes to celebrity endorsement. Male population prefers ads with female celebrities more. In such scenario, an advertisement of men cosmetics with popular female face will be more effective in communicating the message across.

) Cosmetic brands must know the age group they want to target with their specific products. Appropriate celebrities then must be chosen ensuring that their attributes positively reflect on the brand's equity. Generally, customers do not recall cosmetic brands or rush to buy one based on who if at all is endorsing it. In order to positively influence brand equity, cosmetic brand companies should know the age group of the target market well and make an effort to understand which celebrity they feel more represented by and get an endorser accordingly.

) Income levels of consumers also have an impact on brand's equity. Cosmetic brand's producer should target all levels of consumer within their scope by producing their brand in a quantity that it can be affordable to all.

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Q4. Is your brand choice affected by celebrity that endorses it?

- 1) Yes
- 2) No
- 3) Not sure

Q5. What is the first brand of cosmetic products that comes in your mind?

.....

Q6. How far do you agree/disagree with the following statements of celebrity endorsement? Please tick the appropriate numbers as per the following scheme.

1= Strongly Disagree 2= Disagree 3= Neutral 4= Agree 5= Strongly Agree

S.N.	A. Celebrity Endorsement and Brand equity	1	2	3	4	5
1.	Celebrity endorsement improves a cosmetic product's brand equity					
2.	Expertise of celebrity is an attribute I look for before purchasing an endorsed brand					
3.	Trustworthy celebrities can influence my purchase of a particular brand					
4.	There has to be a match between celebrity endorser and the brand in order for me to purchase a brand					
5.	Celebrity's physical attractiveness is crucial in making a cosmetic brand attractive to me					
B. Demographic factors have influence on Celebrity Endorsement and Brand equity						
6.	Celebrity endorsement effect on brand equity is influenced by gender.					
7.	Impact of celebrity endorsement on brand equity is influenced by age factor					
8.	Effect of celebrity endorsement on brand equity is related with occupation factor					
9.	Level of income has moderating effect on brand equity					