# Are Celebrity Endorsements Worth It ? Evidence from Listed Firms in India

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## Abstract

**Use of celebrities for endorsing brands is a popular marketing tactic. Marketers tend to shell out mind boggling amounts to rope in celebrities for brand endorsements. Some Indian cricketers and Bollywood actors have become money minting machines as a result of this trend. The million-dollar question that begs an answer is : Are celebrity endorsements worth it? This question has intrigued many followers of marketing and has made the subject of celebrity endorsements a widely researched one. This paper explored the impact of celebrity endorsement announcements on the stock prices of the firms by examining 36 brand endorsement announcements. The celebrity endorsement announcements under study were made in India between 2008 and 2015. The standard event study methodology was followed to examine whether cumulative abnormal returns accrued to firms on the announcement day, (-1, +1) window, (-2, +2) event window, (-5, +5) event window, (-10, +10) event window, and (-40, +40) event window. The study found little evidence to establish that positive and substantial cumulative abnormal returns were accrued to firms when celebrity endorsement contracts were made public. Neither the firms in the consumer goods industry nor in the automobile industry were beneficiaries of celebrity endorsement contracts. The gender of the celebrity or the type of celebrity did not have any significant impact on the cumulative returns recorded by firms in different event windows at the time of announcement of such contracts. The returns recorded by firms that followed a corporate branding strategy as well as firms that followed a house of brands strategy were not statistically different from zero.**


***Keywords:*** **advertising, celebrity endorsements, marketing, event study, cumulative abnormal returns, stock market reaction, corporate branding, house of brands**

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Why is Virat Kohli paid INR 80 million simply to flaunt the MRF sticker on his bat? Why does Amitabh Bachchan charge a similar amount to appear in a television commercial? Why are marketers willing to shell an unimaginable amount to rope in M.S. Dhoni to endorse products? These questions definitely beseech an answer.

Celebrity endorsements are not uncommon in India (Swaminathan & Bansal, 2014). The immensely high fan following of these celebrities coax marketers to use celebrities for product endorsements. Big names like Aamir Khan, M.S. Dhoni, and Shah Rukh Khan are perennial favorites and have turned into money making machines (Raghavendra, Sharma, Anand, & Bhushan, 2015). Their endorsement fee ranges anywhere between INR 40 million to INR 80 million per day. The high payouts clearly suggest that celebrity endorsements are not easy on the wallet. Even then, marketers do not stop shy from inking brand endorsement pacts with celebrities.

What is it that these celebrities actually bring to the table? Are celebrity endorsements worth it? Is there a way to quantify the worth of a celebrity? There are no straightforward answers. To be candid, different facets of celebrity endorsements have to be examined to arrive at an informed decision. This paper explores one such facet ; the impact of celebrity endorsement announcements on the stock prices of firms.

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## Review of Literature

Celebrity endorsements have been most effective in creating widespread awareness about the brand and increasing the believability of the advertisements (Friedman & Friedman, 1979 ; Kamins, Brand, Hoeke, & Moe, 1989 ; Till, Stanley, & Priluck, 2008).Studies have established that the desired message is conveyed to the target audience when celebrities feature in the advertisement (Kamins et al., 1989 ; McCracken 1989).

Such endorsements have the potency to create a magnetic pull on the customers and are also successful in creating a positive consumer attitude towards the brand (Amos, Holmes, & Strutton, 2008 ; Mishra, Roy, & Bailey, 2015 ; Petty, Cacioppo, & Schumann, 1983). Academic evidence also suggests that celebrity endorsements increased the likelihood of purchase and helped products move off the shelves (Alex & Thomas, 2014; Kamins & Gupta 1994 ; Till et al., 2008). Celebrities are attractive, trustworthy, command public recognition, and ,therefore, play a pivotal role in making an advertisement distinctive and memorable (Choi, Lee, & Kim, 2005). Research also suggests that celebrities add value, transfer their own persona onto the brand that they endorse, and impact brand image (Mukherjee, 2012; McCracken, 1989). An endorser with low credibility has also been found to be effective in building a brand (Spry, Pappu, & Cornwell, 2011). Other potential benefits of celebrity endorsements include breaking the clutter of advertising, increasing sales and profits, and enhancing firm value (Agrawal & Kamankura, 1995 ; Kamins & Gupta, 1994 ; Sahay & Pillai, 2009).

Many studies have also explored the congruity or match-up hypothesis to understand if advertising effectiveness increases when there is a proper fit/congruence between the endorser and the brand (Ang & Dubelaar, 2006 ; Torn, 2012). The congruence between consumer's perception of celebrity personality and the consumer's self concept were examined and it was found that ideal congruity enhances celebrity effectiveness (Choi & Rifon, 2012). Kahle and Homer (1985) examined this match-up between the celebrity and the brand and found a positive correlation between celebrity-brand congruence and advertising effectiveness. Till and Busler (1998) carried out a similar study by using the dimension of celebrity expertise and found that congruence makes the endorsement more effective. Recent studies have examined all the dimensions of the brand personality scale. They found that level of congruence did not have any impact on the abnormal returns generated by the firms during celebrity endorsement announcements (Jaikumar & Sahay, 2015).

Researchers have also examined the link between the gender of the celebrity and advertising effectiveness. Some studies have documented that consumers find same gender celebrities to be more appealing and trustworthy (Costanzo & Goodnight, 2006; Hsu & McDonald, 2002). Boyd and Shank (2004) reported that male athlete brand endorsers were more effective than female athlete brand endorsers.

Use of celebrities has been associated with improved operating performance as well as financial performance of the company (Erdogan, Baker, & Tagg, 2001; Farrell, Karels, Montfort, & McClatchey, 2000). On the contrary, Agrawal and Kamankura (1995) inferred that it is not possible to isolate the impact of celebrity endorsements on a firm's performance. It is, however, feasible to gauge how valuable the shareholders perceive the endorsement contracts to be.

Celebrity endorsements are fraught with risks (Sharma, 2016). First and foremost, the fortunes of the brand are linked with the fortunes of the celebrity. Any negative event in the personal or professional life of the celebrity may have adverse consequences for the brand (Amos et al., 2008). Many brands that Tiger Woods endorsed took a severe beating when the golfer was embroiled in a controversy (Clark, Cornwell, & Pruitt, 2009; Farrell et al., 2000).

Celebrities cost a fortune. The returns to the advertiser may not be commensurate with the amount that has been paid to the celebrity. The possibility that consumers pay attention to the celebrity or remain indifferent towards the brand has also been explored. Costanzo and Goodnight (2006) found that a brand may be relegated to the back burner and the celebrity per se may take center stage.

Overall, anecdotal and academic evidence is loaded in favor of using celebrities as brand ambassadors. Companies tend to gain a clear advantage in the marketing domain by roping in celebrities as brand ambassadors.

## Need and Significance of the Study

The advantages of using celebrities as brand ambassadors are well documented. Advertisers use celebrities as a special tactic to attract attention (Sharma, 2016). There is, however, a need to look at this aspect purely from an investor's perspective. The marketing expenditure incurred by a firm must enhance wealth for the shareholders (Doyle, 2000). The stock price reaction to any brand endorsement contract will indicate whether the investors view the development as a worthwhile investment in advertising.

The advantageous impact of celebrity endorsements on consumer beliefs and attitudes may lead one to expect a positive impact on the stock price of the firm when such celebrity endorsement agreements are announced. The announcement is made well before the actual work on the advertisement begins. Thus, the actual creative and the consumer response to the advertisement are unknown at that juncture. However, the announcement is construed as a valuable piece of information by investors. It is used to gauge the potential profitability of the contract and assess its impact on the future cash flows of the firm. The net present value of a celebrity endorsement should ideally reflect in the announcement day stock returns (Ding, Molchanov, & Stork, 2011).

The extant research in this domain has yielded mixed results. In a study of 110 celebrity endorsement announcements, Agrawal and Kamakura (1995) found positive, statistically significant average abnormal returns of .44% ($t = 2.39$, $p < .05$) on the announcement day. However, barring the announcement day, the study found statistically insignificant returns in the (-10, +10) window. Mathur, Mathur, and Rangan (1997) too found substantial and statistically significant returns of 2% over the (-2, +2) event window when Michael Jordan returned to the NBA. The impact of Tiger Wood's professional performance had a positive impact on the stock price of the firm endorsed by him (Farrell et al., 2000).

On the contrary, Fizel, McNeil, and Smaby (2008) found trivial impact of celebrity endorsements on firm value. Likewise, Ding et al. (2011) found little evidence to suggest that celebrity endorsement announcements were linked to positive abnormal returns for the firm. In light of the inconclusive evidence, it is important to gauge the impact of celebrity endorsement announcements on stock prices. Such examination gains monumental importance in the Indian context where some celebrities, Bollywood actors, as well as cricketers are literally worshipped. The endeavor of this study, which examined celebrity endorsement announcements made between 2008 and 2015, is to build on prior work and also explore some of the hitherto unexplored dimensions of celebrity endorsements.

## Research Objectives

Advertisers spend a large portion of their budget on celebrity endorsements. Opinions differ whether such spends bring in the desired return on investment. The effectiveness of the advertisement in which the celebrity featured can be determined after conducting recall tests. In the initial stages, the investor's reaction to endorsement contract can be gauged by analyzing the stock market reaction. The first objective of this study is to assess the impact of celebrity endorsement announcements on the stock prices of firms listed in India. To achieve this objective, 36 endorsement announcements across different industries have been examined.

The second objective of the study is to determine if the stock price reaction to celebrity endorsement announcement is different across various industries. The companies under the present study were classified into seven different industries ; consumer goods, automobiles, textiles, telecom, communication equipment, cement, and chemicals. The number of companies in consumer goods industry ($n = 23$) and automobile industry ($n = 7$) enabled a worthwhile comparison. The number of companies in the other industries was small and ,therefore, a meaningful comparison was not possible.

Marketers need to ensure that the celebrity chosen for endorsement is the right fit with the brand. For instance, Dalip Sing Rana (The Great Khali) may be an ideal choice for a brand that epitomizes strength and robustness. Virat Kohli may be a good choice for a brand that intends to highlight attributes like tenacity and consistency.

Likewise, Deepika Padukone may be well suited to endorse a cosmetics brand meant for women. There are many aspects that determine an ideal match up between the endorser and the brand. The gender of the celebrity is one of them. The present study has compared the stock price reaction on the basis of the gender of the celebrity. It serves as a partial proxy to gauge the fit between the celebrity and the brand.

A celebrity commands immense public recognition (McCracken, 1989). The celebrity may be an actor, cricketer, athlete, or an entertainer. The quantum of the endorsement fee that the celebrity commands depends on their popularity. Specifically in India, cricketers like M. S. Dhoni and Virat Kohli and actors like Shah Rukh Khan and Amitabh Bachchan charge a huge amount to feature in advertisements. The fourth objective of the study is to determine if the returns that accrue to firms differ depending on the type of celebrity. For the purpose of this study, celebrities were divided into two broad categories; sports persons (comprising of athletes, cricketers, football players) and non - sports persons (actors, singers, entertainers).

The branding strategy used by the firm also has a bearing on the efficacy of the celebrity endorsements. For the purpose of this study, the branding strategy of the firms was categorized as corporate branding strategy or multiple brand strategy. Under the corporate branding strategy, the corporate name (firm name) appears in all endorsements and advertisements. On the other hand, the multiple brand strategy entails the use of individual brand names for different products. Under this strategy, the corporate name does not appear in the endorsements/advertisements. The fifth objective of this study is to determine which of the branding strategies has a greater influence on the effectiveness of celebrity endorsements.

## Research Methodology

**Sample Selection :** In the present day world, information dissemination is extremely fast, courtesy the Internet. The Internet has emerged as a prompt and reliable source for diffusion of news (Ding et al., 2011 ; Jaikumar & Sahay, 2015). The sample for the present study was culled by scrutinizing the online versions of various prominent business newspapers like The Economic Times, The Financial Express, The Business Standard, and The Hindu Business Line.

Initially, 74 celebrity endorsement announcements made by 38 different companies were identified. However some of these announcements were dropped from the sample because of one or more of the following reasons; company not listed on the National Stock Exchange (NSE), stock price data not available, and overlapping window periods in case of two or more announcements pertaining to the same brand.

For instance, Amitabh Bachchan's endorsement announcement for ICICI Prudential, Sachin Tendulkar's endorsement announcement for Rorito, M. S. Dhoni's endorsement announcement for Lava phones, and Ayushman Khurana's endorsement announcement for V-John were excluded as firms marketing these brands were not listed on Indian bourses. Some endorsement announcements like Sania Mirza for Tata Tea, Sushmita Sen for S Kumars, Shah Rukh Khan for ICICI Bank, and Rahul Dravid for Bank of Baroda were excluded from the sample due to non availability of stock price data. At the time of conducting this study, the NSE data prior to September 17, 2007 was not available on Yahoo Finance. Hence, all celebrity endorsement announcements prior to this date had to be excluded. Some of the announcements (for instance Kareena Kapoor's endorsement announcement for P&G on November 29, 2007 and Kareena Kapoor's endorsement announcement for Anne French on December 14, 2007) made after September 17, 2007 had to be excluded for want of adequate window period and clean period data. Finally, some endorsement announcements including Asin's endorsement announcement for Lux (HUL brand) on May 12, 2013 had to be excluded as the window period overlapped with Dhanush's endorsement announcement on June 25, 2013 for the same brand. In such cases, the latest announcement has been included in the study.

The final sample consisted of 36 brand endorsement announcements made by different companies listed on the NSE in India. The list of endorsement announcements used in the present study is given in the Appendix 1.

## Empirical Methodology

The present study used the standard event study methodology to calculate the abnormal returns during 36 celebrity endorsement announcements. The residual returns were calculated for the firm using the single factor model :

$r_{jt} = R_{jt} - (\alpha + \beta * R_{mt})$ .....(1)

where,

$r_{jt}$ = Abnormal return for stock *j* at time *t,*

$R_{jt}$ = Actual return for stock *j* at time *t*,

α = OLS estimate of the intercept of the regression model,

β = OLS estimate of the slope of the regression model,

$R_{mt}$ =Return on the market portfolio (NSE).

The daily average abnormal returns ($AR_t$) of event announcement in the (-40, +40) window was calculated as follows :

$AR_t = \Sigma_j r_{jt} / N$ .....(2)

where,

$AR_t$ =Average abnormal returns of celebrity endorsement announcement,

*N* = Number of announcements.

The cumulative average abnormal returns *(CAR)* were estimated by summation of average abnormal returns as depicted below:

$CAR = \Sigma^{t=40}_{t=-40} AR_t$ .....(3)

where,

*CAR* = Cumulative average abnormal returns of celebrity endorsement announcements.

The *t* - statistic was calculated to check the statistical significance of the residual returns, average abnormal returns, and cumulative abnormal returns :

The *t*-statistic for residual return was calculated as follows :

$$\frac{r_{jt}}{\hat{S}(r_j)} \quad \text{..... (4)}$$

where,

$\hat{S}(r_j)$ = Standard deviation of residual returns during the clean period,

The *t*-statistic of average abnormal returns was calculated as follows.

$$\frac{AR_t}{\hat{S}(AR)} \quad \text{..... (5)}$$

where,
$\hat{S}(AR)$ = Standard deviation of average abnormal returns during clean period.
The *t*-statistic of *CAR* was calculated as follows :

$$\frac{CAR}{\hat{S}(AR)\sqrt{t}} \quad \text{..... (6)}$$

where,
*t* = Respective window period.

↳ **Announcement Date, Window Period, and Clean Period :** The first possible date when the news of celebrity endorsement contract featured online was taken as the announcement date/event date. In case the news was disseminated on a holiday, the next working day was taken as the announcement date. The window period consists of 40 days prior to the date of announcement (referred to as -40) to 40 days after the announcement date (referred to as +40). The clean period consists of 100 days before and 100 days after the window period. The historical price data for the market index as well as all the companies under study was taken from Yahoo Finance. At the time when the data was obtained from Yahoo Finance, the stock price information was available till November 5, 2015. As a result of this data constraint, the stock price information was not available for the entire window period and clean period for certain brand endorsement announcements, especially the recent ones.

## Analysis and Results

This section is devoted to the study findings. The combined *CAR* generated on the announcement day, (-1, +1) window, (-2, +2) event window, (-5, +5) event window, (-10, +10) event window, and (-40, +40) event window during all the 36 celebrity endorsement announcements is given in the Table 1. The *CAR* on the announcement day at -0.03% is negative, insubstantial, and statistically insignificant (*t*- statistic = - 0.077). The present study finds no evidence of substantial or statistically significant *CAR* across all event windows.

**Table 1. *CAR* of Celebrity Endorsement Announcements**

| Window | CAR (%) | *t*- Stat |
|---|---|---|
| Day 0 | -0.03 | -0.077 |
| (-1,+1) | 0.32 | 0.493 |
| (-2,+2) | 0.02 | 0.028 |
| (-5,+5) | -0.05 | -0.037 |
| (-10,+10) | 0.02 | 0.010 |
| (-40,+40) | -0.14 | -0.042 |

**Table 2. Comparison of *CAR* in Consumer Goods Industry and Automobile Industry**

| | Consumer Goods (*n* = 23) | | Automobile (*n* = 7) | |
|---|---|---|---|---|
| **Window** | ***CAR (%)*** | ***t-Stat*** | ***CAR (%)*** | ***t-Stat*** |
| Day 0 | -0.13 | -0.283 | 0.01 | 0.006 |
| (-1,+1) | -0.10 | -0.124 | 1.10 | 0.712 |
| (-2,+2) | -0.33 | -0.332 | 1.31 | 0.655 |
| (-5,+5) | -0.52 | -0.353 | 3.42 | 1.155 |
| (-10,+10) | 0.48 | 0.234 | 3.17 | 0.776 |
| (-40,+40) | -0.87 | -0.216 | 7.40 | 0.922 |

**Table 3. Comparison of *CAR* Based on Gender of the Celebrity**

| | Male Celebrities (*n* = 24) | | Female Celebrities (*n* = 12) | |
|---|---|---|---|---|
| **Window** | ***CAR (%)*** | ***t-Stat*** | ***CAR (%)*** | ***t-Stat*** |
| Day 0 | 0.29 | 0.690 | -0.66 | -0.881 |
| (-1,+1) | 0.95 | 1.317 | -0.93 | -0.711 |
| (-2,+2) | 0.89 | 0.955 | -1.70 | -1.014 |
| (-5,+5) | 0.81 | 0.585 | -1.77 | -0.708 |
| (-10,+10) | 0.98 | 0.515 | -1.92 | -0.558 |
| (-40,+40) | 5.15 | 1.375 | -10.35 | -1.529 |

**Table 4. Comparison of *CAR* Based on Type of Celebrity**

| | Sports persons Celebrities (*n* = 6) | | Non Sports persons Celebrities (*n* = 30) | |
|---|---|---|---|---|
| **Window** | ***CAR (%)*** | ***t-Stat*** | ***CAR (%)*** | ***t-Stat*** |
| Day 0 | 1.00 | 1.101 | -0.23 | -0.551 |
| (-1,+1) | 3.15** | 2.005 | -0.24 | -0.327 |
| (-2,+2) | 3.09 | 1.526 | -0.59 | -0.619 |
| (-5,+5) | 3.95 | 1.314 | -0.89 | -0.628 |
| (-10,+10) | 2.15 | 0.517 | -0.45 | -0.230 |
| (-40,+40) | 13.75 | 1.686 | -2.77 | -0.722 |

*** Significant at 1%, ** Significant at 5%

The Table 2 depicts the comparison of *CAR* generated in the consumer goods and automobile industry. The consumer goods industry witnessed a negative *CAR* across all event windows except in the (-10, +10) event window, *CAR* 0.48% (*t*-statistics = .234). The - 0.13% *CAR* on the announcement day and -0.87 % *CAR* during the (-40, +40) event window is also statistically insignificant. On the other hand, the *CAR* in the automobile industry is positive across all event windows. The *CAR* is also substantial at 3.42%, 3.17%, and 7.40% in the (-5, +5) event window, (-10, +10) event window, and (-40, +40) event window, respectively. The substantial and positive *CAR* in the automobile industry is, however, statistically insignificant. The number of companies in other industries is small. The *CAR* for other industries is calculated and reported in Appendix 2 but is not discussed in the paper because of the small sample size.

The Table 3 compares the *CAR* generated by companies on the basis of the gender of the celebrity. Positive *CAR* was generated on the announcement day as well as all the event windows in case of endorsement announcements of male celebrities. There was substantial *CAR* of 5.15% in the (-40, +40) event window. However, these returns are statistically insignificant (*t*-statistics = 1.375). On the other hand, companies witnessed negative, albeit insignificant, *CAR* across all event windows when endorsement announcements of female celebrities were announced. The *CAR* of -10.35% in the (-40, +40) event window is substantial, but statistically insignificant.

The Table 4 depicts the *CAR* generated by companies based on the type (sports persons versus non sports persons) of celebrity. When the celebrity endorsement announcement entailed a sports person, the companies recorded positive and substantial *CAR* on the announcement day as well as all event windows. The *CAR* of 3.15% (*t*-statistics = 2.005) in the (-1, +1) event window is statistically significant at the 5% level. However, the announcement day *CAR* of 1% (*t* - stat = 1.101) is not significantly different from zero. Likewise, the *CAR* of 3.09% in the (-2, +2) event window, 3.95% in the (-5, +5) event window, 2.15% in the (-10, +10) event window, and 13.75% in the (-40, +40) event window is not statistically significant.

**Table 5. Comparison of *CAR* Based on Branding Strategy**

| | Corporate Branding (*n* = 22) | | Multiple Brands Strategy (*n* = 14) | |
|---|---|---|---|---|
| **Window** | ***CAR (%)*** | ***t-Stat*** | ***CAR (%)*** | ***t-Stat*** |
| Day 0 | 0.02 | 0.052 | -0.11 | -0.209 |
| (-1,+1) | 0.40 | 0.482 | 0.20 | 0.215 |
| (-2,+2) | 0.06 | 0.061 | -0.04 | -0.033 |
| (-5,+5) | 0.30 | 0.187 | -0.60 | -0.332 |
| (-10,+10) | -0.31 | -0.140 | 0.48 | 0.191 |
| (-40,+40) | -1.64 | -0.380 | 1.83 | 0.370 |

The *CAR* generated during endorsement announcements of non sports person celebrities is negative, insubstantial, and statistically insignificant across all event windows. A substantial *CAR* of -2.77% was registered in the (-40, +40) event window. However, these returns too are statistically insignificant (*t* - statistics = - 0.722). The comparison of *CAR* generated by companies based on their branding strategy is depicted in the Table 5.

The announcement day *CAR* in case of companies following corporate branding strategy is 0.02% (statistically insignificant, *t* - statistics = 0.052). Meanwhile the announcement day *CAR* in case of companies that adopt a multiple brands strategy is -0.11% (statistically insignificant, *t* - statistics = -0.209). The *CAR* across all other event windows is not statistically different from zero irrespective of the type of branding strategy. The *CAR* was substantial in the (-40, +40) event window, but is statistically insignificant ; -1.64% in case of corporate branding and 1.83 % in case of multiple brands strategy.

## Implications

Advertisers tend to spend a huge amount to have celebrities endorse their brands. Many times, celebrities are considered to be the panacea for all advertising problems. The intent of advertisers is to reap the numerous benefits of celebrity endorsements. The stock market reaction to such endorsements is bound to reflect the future benefits that would accrue to the brand being advertised. The present study reveals that no cumulative abnormal returns accrue to firms when celebrity endorsement announcements are made. This holds true for firms that adopt a corporate branding strategy as well as firms that adopt a house of brands strategy. The study, however, does suggest that sports persons as celebrities tend to get a positive stock market reaction as compared to other celebrities. The message for advertisers is to ensure that there is a match up between the brand and the celebrity chosen to endorse the brand.

## Conclusion

The 36 celebrity endorsement announcements made in India did not generate positive abnormal returns for the firms. The statistically insignificant *CAR* across all event windows suggests that investors have not perceived expenditure on celebrity endorsements as a worthwhile expenditure. The finding corroborates with findings of Ding et al. (2011) and Jaikumar and Sahay (2015), who also documented a statistically insignificant *CAR* on the announcement day. The results hold true for the consumer goods industry as well as the automobile industry. The gender of the celebrity too failed to make a substantial difference in the *CAR* generated by firms. There is some evidence to suggest that roping in sports persons yields better results than using non sports persons as celebrities. The statistically significant *CAR* of 3.15% in the (-1, +1) event window and the substantial positive *CAR* in all other event windows alludes to the fact that using sportspersons might give marketers an edge. These results are in concurrence with the results of Farrell et al. (2000) and Mathur et al. (1997), who found positive, substantial, and

significant stock market returns associated with celebrity endorsements. The study found no evidence that a corporate branding strategy scores over a multiple branding strategy so far as the effectiveness of celebrity endorsements is concerned. The present study points to the fact that colossal amounts spent on celebrity endorsements do not bring in commensurate returns for the shareholders.

## Limitations of the Study and Directions for Future Research

The sample size of the study ($n = 36$) was small. Some of the celebrity endorsements were made for unlisted firms. A few of the announcements could not be considered due to stock market data constraints. The findings of this study can, therefore, not be generalized to all other firms in India. The present study does not take into consideration whether multiple endorsements by a celebrity dilutes the overall effectiveness of the celebrity. The study has taken the gender of the celebrity as a proxy for a match up. Future studies can explore the match up hypothesis on a larger scale by increasing the number of celebrity attributes. The present study has found preliminary evidence of higher *CAR* accruing to Indian firms in case of endorsements involving sports persons vis-à-vis other types of celebrities. Future research can study the sports played by the endorser and the brand being advertised. Moreover, distinction can be made between Indian and international sports persons. Last but not the least, future research can focus on finding the explanatory variables of the cumulative abnormal returns.

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# APPENDICES

## Appendix 1. List of Celebrity Endorsement Announcements

| S.No | Company | Celebrity | Brand Endorsed | Announcement Date |
|---|---|---|---|---|
| 1 | Britannia Industries Ltd. | Salman Khan | Tiger | November 3, 2012 |
| 2 | Colgate-Palmolive India Ltd. | Kareena Kapoor | Colgate Active Salt Healthy White | September 11, 2011 |
| 3 | Colgate-Palmolive India Ltd. | Priyanka Chopra | Colgate Active Salt Neem | June 16, 2015 |
| 4 | Dabur India Ltd. | Preity Zinta | Vatika | March 23, 2009 |
| 5 | Dabur India Ltd. | Vivek Oberoi | Odonil | September 10, 2012 |
| 6 | Dabur India Ltd. | Irfan Khan | Babool | February 18, 2013 |
| 7 | Emami Ltd. | Kangana Ranaut | Skin care | March 21, 2011 |
| 8 | Emami Ltd. | Kangana Ranaut | BoroPlus | November 5, 2014 |
| 9 | Emami Ltd. | Hritik Roshan | Fair & Handsome | March 9, 2015 |
| 10 | Godrej Consumer Products Ltd. | Hrithik Roshan | Cinthol | March 21, 2010 |
| 11 | GlaxoSmithkline Consumer Healthcare Ltd. | Dhanush | Boost | February 3, 2012 |
| 12 | Havells India Ltd. | Rajesh Khanna | Havells | May 17, 2012 |
| 13 | Hero MotoCorp Ltd. | Alia Bhatt | Hero | June 20, 2014 |
| 14 | Hindustan Unilever Ltd. | Shahrukh Khan | Pepsodent | May 19, 2010 |
| 15 | Hindustan Unilever Ltd. | Farhan Akhtar | Pureit | October 10, 2011 |
| 16 | Hindustan Unilever Ltd. | Anushka Sharma | Elle 18 | February 13, 2013 |
| 17 | Hindustan Unilever Ltd. | Deepika Padukone | Fiama Di Wills | March 5, 2008 |
| 18 | Hindustan Unilever Ltd. | Yuvraj Singh | Classmate | January 12, 2010 |
| 19 | J.K. Cement Ltd. | Virender Sehwag | JK Cement | June 21, 2011 |
| 20 | Jyothy Laboratories Ltd. | Madhavan | Margo | May 24, 2012 |
| 21 | Marico Ltd. | Deepika Padukone | Parachute | June 2, 2012 |
| 22 | MRF Ltd. | AB de Villiers | MRF | October 20, 2015 |
| 23 | Kansai Nerolac Paints Ltd. | Shahrukh Khan | Nerolac | September 6, 2010 |
| 24 | Procter & Gamble Hygiene & Health Care Ltd | Anushka Sharma | Pantene | July 23, 2015 |
| 25 | Reliance Communications Ltd. | Hrithik Roshan | Reliance Communmications | May 30, 2009 |
| 26 | Shyam Telecom Ltd. | Imran Khan | MTS | December 26, 2011 |
| 27 | Siyaram Silk Mills Ltd. | Hrithik Roshan | J Hampstead | April 19, 2013 |
| 28 | Siyaram Silk Mills Ltd. | Parineeti Chopra | Siya | April 14, 2015 |
| 29 | Tata Chemicals Ltd. | Sanjeev Kapoor | iShakti | June 28, 2012 |
| 30 | Tata Motors Ltd. | Lionel Messi | Tata Passenger Vehicles | November 3, 2015 |
| 31 | Titan Company Ltd. | Farhan Akhtar | Titan | September 9, 2011 |
| 32 | TVS Motor Company Ltd. | Virat Kohli | Sports | March 9, 2011 |
| 33 | TVS Motor Company Ltd. | Anushka Sharma | Scooty | June 11, 2012 |
| 34 | TVS Motor Company Ltd. | Mahesh Babu | Phoenix | June 7, 2013 |
| 35 | TVS Motor Company Ltd. | Amitabh Bachchan | Juipter | October 15, 2015 |
| 36 | United Breweries (Holdings) Ltd. | MS Dhoni | McDowells Platinum | December 4, 2010 |

Source: Complied from various sources

## Appendix 2. *CAR* (%) in Other Industries

| | Textiles (*n* = 2) | | Telecom (*n* = 1) | | Com Equip (*n* = 1) | | Cement (*n* = 1) | | Chemicals (*n* = 1) | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Window** | ***CAR*** | ***T-Stat*** | ***CAR*** | ***T-Stat*** | ***CAR*** | ***T-Stat*** | ***CAR*** | ***T-Stat*** | ***CAR*** | ***T-Stat*** |
| Day 0 | -0.13 | -0.071 | 0.01 | 0.491 | 0.01 | 0.254 | 0.00 | 0.088 | -0.01 | -0.143 |
| (-1,+1) | -0.01 | -0.193 | 0.01 | 0.255 | 0.00 | 0.071 | 0.06 | 1.650 | 0.00 | -0.051 |
| (-2,+2) | -0.04 | -0.992 | 0.01 | 0.202 | 0.00 | 0.017 | 0.05 | 1.146 | 0.01 | 0.320 |
| (-5,+5) | -0.05 | -0.859 | -0.08 | -0.795 | 0.01 | 0.165 | 0.02 | 0.350 | 0.01 | 0.370 |
| (-10,+10) | -0.05 | -0.564 | 0.01 | 0.093 | 0.02 | 0.203 | -0.07 | -0.738 | -0.01 | -0.049 |
| (-40,+40) | -0.23 | -1.384 | 0.08 | 0.308 | 0.13 | 0.560 | -0.07 | -0.359 | -0.07 | -0.620 |