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## A STUDY OF THE RELATIONSHIP BETWEEN ENDORSER CREDIBILITY, BRAND EQUITY AND REPURCHASE INTENTION OF L'ORÉAL PARIS PRODUCTS IN INDIA.

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**Abstract:** This study has been undertaken with the prime objective to test the role of endorser credibility and brand equity in influencing repurchase intention of consumers of L'Oreal Paris cosmetic products in India. In this study there is one dependent variable (Repurchase Intention) and two independent variables (Endorser Credibility and Brand Equity). The researcher aims to find which one of the two selected independent variables (brand equity or endorser credibility) plays a more important role in influencing repurchase intention of consumers.

In this research the target population refers to the Indian consumers who have purchased L'Oréal Paris products. The researcher has applied non-probability sampling method by using Judgment, Quota and Convenience sampling to select the respondents. The data for conducting this study was collected through a questionnaire survey of 430 respondents in selected areas of Pune, Maharashtra, India, during 2013. A total of 400 respondents were selected as the accurate target population.

From the findings of the study the researcher concludes that even though in a country like India where the love of the people towards celebrities is legendary, it is very essential for the companies to focus more on their product attributes and brand equity dimensions in order to influence the repurchase intention of their consumers rather than entirely relying on celebrity endorsements.

**Keywords:** Brand Equity, Brand Loyalty, Brand Awareness, Brand Association, Perceived Quality, Endorser Credibility, Attractiveness, Trustworthiness, Expertise, Repurchase Intention.

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**Introduction:** Since competition and costs of creating a new customer base is increasing tremendously day by day business organizations have started concentrating on defensive strategies in order to protect their existing customer base and remain in the competition. Customers' repurchase intention is one of the prime defensive marketing strategies which purely concentrate's on convincing existing consumers to rebuy products. There are various tools which can be used effectively in order to persuade consumers to perform a repurchase action. For this study the researcher has opted the two most essential factors which a play very important role in influencing repurchase intention of consumers, these are brand equity

Advertisers have a strong belief that celebrities are capable of selling almost any product, right from a dishwasher liquid to a piece of expensive jewelry. 25% of the total advertisements in western countries have celebrity involvement but this percentage is much higher in India where 60% of the total advertisements are aired using a celebrity factor in it (Shimp, 2000). Therefore, celebrity endorsements automatically become a relevant field of research in India. If a celebrity is capable of becoming an expert, generating trust and attracting consumers then he will surely leave a long lasting affect in the minds of consumers and influence their repurchase decision. The present study is based on (Ohanian's, 1990) tri-component celebrity endorsement credibility scale according to which the credibility of a celebrity depends upon

different attributes such attractiveness, trustworthiness and expertise.

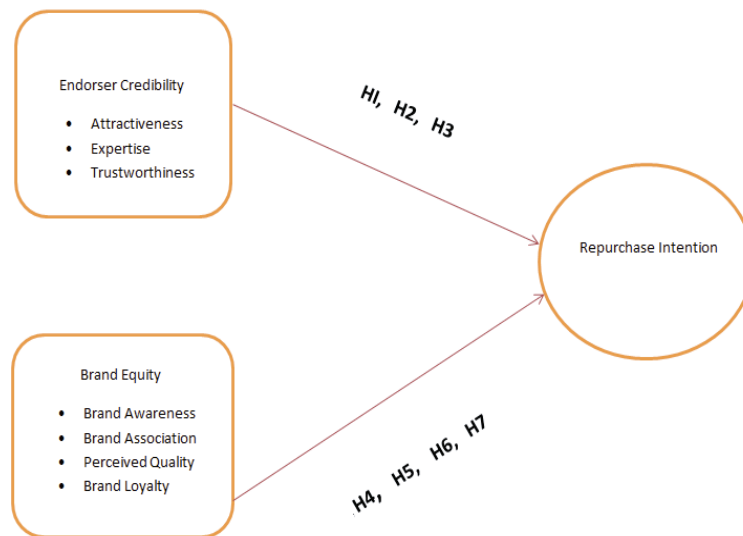
Although according to many advertising agencies celebrities possess the ability to lead the consumers till retail outlets to purchase the brand they are endorsing. But till when? This is the first question faced by the marketing manager while evaluating the marketing performance of his company and then immediately a second question strikes in his mind. Are there any others factors which are equally capable of influencing consumer's purchase decision in a much economical and genuine way rather than always relying on celebrity endorsers? This is where the concept of brand equity comes into picture as a solution. Brand equity has been referred to as the enormous value which a brand develops through consumers, producers, wholesalers and retailers of the brand (Baldinger, 1990; Aaker, 1991; Keller, 1993). Aaker (1991) explains that the contributing factors which lead to the formation of brand equity are brand awareness, brand loyalty, perceived quality and brand association. Together these dimensions are also termed as consumer-based brand equity (Yoo and Donthu, 2001). This concept of consumer-based brand equity has been adopted for conducting this research study.

Many studies have been conducted till date to discover the relationship between brand equity and endorser credibility and in examining the role of endorser credibility in developing consumer-based brand equity and influencing brand credibility; apart

from this studies have also been undertaken separately to identify the role of brand equity and endorser credibility in influencing repurchase intention of consumers but mostly endorser credibility has been studied as a moderating variable. This study aims to combine brand equity and endorser credibility as independent variables and to study their contributing effects in influencing the repurchase intention of consumers. To accomplish this study brand equity of L'Oréal Paris products and endorser credibility of Mrs. Aishwarya Rai Bachchan is examined in Pune city, Maharashtra, India.

**Theory And Hypothesis Development:**

**Conceptual Framework of the Study:** The researcher combined three theoretical frameworks in order to develop the conceptual framework for this study. The first research model was developed by Senthilnathan and Tharmi (2012) who studied about "The relationship of brand equity to purchase intention". The second model was developed by Spry, Pappu, and Cornwell (2009) who studied about "Celebrity endorsement, brand credibility and brand equity". And last model was developed by Roy, Jain, and Rana (2013) who studied about "The moderating role of consumer personality and source credibility in celebrity endorsements". The conceptual for this study is shown in the following figure.



**Definition of Variables in the Study:**

**Repurchase Intention (Dependent Variable):** the likelihood of a consumer to rebuy a product or service from the same company, considering his requirement, situation and circumstances (Hellier et al., 2003).

**Endorser credibility (Independent Variable):** The degree to which the endorser can be trusted and is considered to be an expert in relevance to the message communicated by him to the target audience (Goldsmith et al., 2000; Ohanian, 1990). Endorser credibility can be divided into three factors which are attractiveness, expertise and trustworthiness. Trustworthiness refers to the level to which the source is comprehended to be impartial, objective and reliable by the audience viewing him or her (Dholakia and Sternthal, 1977; Ohanian, 1991). Attractiveness means how pleasing, friendly and similar the source is to the audience (McCracken, 1989). Expertise is the degree to which the source is sensed to be well-informed and knowledgeable about the brand being advertised (Dholakia and Sternthal, 1977).

**Brand Equity (Independent Variable):** It refers to the additional value which a product receives from its brand (Farquhar, 1989). Brand equity can further be divided into four dimensions which are brand awareness, brand loyalty, perceived quality and brand association.

Brand Awareness means the power of a brand's solid existence and recognition in the minds of consumers. (Aaker, 1991). Brand Association refers to the real meaning of the brand in the eyes of consumers and consists of multiple ideas, instances and facts developed by consumers regarding the brand. (Keller, 1993). Perceived Quality means the overall self-made judgment or opinion of the consumer towards brand which may consists of positive or negative feelings about the brand in terms of its quality (Zeithaml, 1988). Brand Loyalty is the extent to which the consumers are inclined towards a particular brand and this may be manifested by their desire to repurchase that brand as their first choice (Yoo and Donthu, 2001).

Hypotheses Development and Statistical Treatment	
Hypotheses	Statistical Treatment
H <sub>10</sub> : There is no significant relationship between endorser credibility intention in terms of attractiveness and repurchase. H <sub>1a</sub> : There is a significant relationship between endorser credibility intention in terms of attractiveness and repurchase intention.	Pearson Correlation
H <sub>20</sub> : There is no significant relationship between endorser credibility in terms of expertise and repurchase intention. H <sub>2a</sub> : There is a significant relationship between endorser credibility in terms of expertise and repurchase intention.	Pearson Correlation
H <sub>30</sub> : There is no significant relationship between endorser credibility in terms of trustworthiness and repurchase intention. H <sub>3a</sub> : There is a significant relationship between endorser credibility in terms of trustworthiness and repurchase intention.	Pearson Correlation
H <sub>40</sub> : There is no significant relationship between brand equity in terms of brand awareness and repurchase intention. H <sub>4a</sub> : There is a significant relationship between brand equity in terms of brand awareness and repurchase intention.	Pearson Correlation
H <sub>50</sub> : There is no significant relationship between brand equity in terms of brand association and repurchase intention. H <sub>5a</sub> : There is a significant relationship between brand equity in terms of brand association and repurchase intention.	Pearson Correlation
H <sub>60</sub> : There is no significant relationship between brand equity in terms of perceived quality and repurchase intention. H <sub>6a</sub> : There is a significant relationship between brand equity in terms of perceived quality and repurchase intention.	Pearson Correlation
H <sub>70</sub> : There is no significant relationship between brand equity in terms of brand loyalty and repurchase intention. H <sub>7a</sub> : There is a significant relationship between brand equity intention in terms of brand loyalty and repurchase intention.	Pearson Correlation

**Research Methodology:**

**Target Population and Sample Size:** In this research the target population refers to the Indian consumers who have purchased L’Oreal Paris products. The sample for this research was selected from Pune city, Maharashtra, India. The data was collected through a questionnaire survey of 430 respondents in 2013 out of which 400 respondents were selected as accurate sample size based on the screening question.

**Sampling Procedure:** The researcher has applied non-probability sampling method by using Judgment, Quota and Convenience sampling in order to select the respondents. The researcher applied judgment sampling in order to select the two most popular shopping areas which are Camp area and Laxmi road in Pune city, Maharashtra, India. The researcher selected these places, as they are ranked as the topmost shopping destinations of Pune city, Maharashtra. Secondly, the researcher applied quota sampling to distribute the questionnaires among 2 chosen areas, as the sample size was considered to be

430 respondents 215 questionnaires were distributed in each area. Lastly, convenience sampling was used to directly distribute the questionnaire to consumers at L’Oréal Paris stores who were willing to answer the questionnaire.

**Collection of Data:** The researcher used both primary and secondary data while conducting this study. In this research primary data was gathered by distributing questionnaires. The data was gathered by the researcher during 2013 with the help of a team which was set up in India. The secondary data for this research are collected from textbooks, magazines, online journals, the internet etc.

After gathering all the data the researcher used Statistical Package for Social Sciences (SPSS) program to analyze the collected data form the questionnaire.

**Summary, Conclusions And Recommendations:**

**Summary of Hypotheses:** The researcher found that there exists a high positive relation between Brand Equity and Repurchase Intention. In terms of Brand Equity dimensions, brand loyalty was found to have the strongest relationship with Repurchase Intension

with a correlation value of (.775), followed by perceived quality (.719), brand association (.679) and brand awareness (.554). On the other hand, a low positive correlation was discovered between Endorser Credibility and Repurchase Intention. In terms of Endorser Credibility dimensions, Trustworthiness was found to have comparatively the strongest relationship with Repurchase Intention with a correlation value of (.309), followed by Expertise (.285) and Attractiveness (.244) respectively.

In terms of hypotheses testing the results of all 7 hypotheses depicted a positive relationship between the independent variables and dependent variable of this study. In other words repurchase of L'Oréal Paris cosmetics products was positively influenced by endorser credibility (attractiveness, trustworthiness or expertise) and brand equity (brand awareness, brand loyalty, brand association or perceived quality). Hence, all the null hypotheses were rejected and the alternative ones were accepted

**Conclusions and Recommendations:** Thus, from the findings of the study the researcher concludes that although celebrity endorsements have become a popular marketing strategy in India showing no signs of decline, the main focus of an Indian consumers while making a repurchase decision is whether the product worked for them or not. Specifically, their purchasing choices are motivated by product performance, pragmatism and value-for-money i.e., the money they paid for the product should be a solution to their problem. Cosmetics companies should take notice of this fact because when it comes to influencing repurchase intention of consumers it is recommended that companies in India should concentrate more on their product attributes, especially quality this will definitely lead to higher chances of return on investment (ROI) rather than hiring expensive celebrities and paying them handsome amounts for the brand endorsement deals.

Moreover, as brand equity shared the strongest relationship with the dependent variable of this study which was repurchase intention. The researcher would like to suggest that it is equally essential for the companies to survive on the basis of their good product attributes and understand its overall picture in the eyes of consumers in terms of its product awareness, brand loyalty, brand association and perceived quality thereby developing a strong set of consumer-based brand equity which will help in influencing the repurchase intention of consumers in an effective manner.

Opening more stores of L'Oréal Paris products across the country would help in enhancing brand loyalty in the cognitive section. Promotions, especially price discounts can be one way to attract new consumers to experience the brand. The company should also build loyalty programs for their committed set of consumers. This will lead to the expansion and improvement of their brand in the market and compete effectively with the ever growing national and international competitors in the cosmetic sector. In terms of endorser credibility all three factors (attractiveness, trustworthiness or expertise) were found to have a positive relationship with repurchase but trustworthiness and expertise had a more significant and strong influence on repurchase intention when compared to attractiveness. This truly makes sense since Indian consumers have a low need for cognition and hence may tend to be more susceptible to a product endorser's trustworthiness and expertise. Based on this result the advertising agencies in India are suggested to develop more specialized rather than standardized advertising strategies by opting for more trustworthy and expert endorsers in order to appeal the repurchase intentions of its target customers.

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