

FALL 2026

Evaluating the Strategic Effectiveness of Celebrity Endorsements: A Cross-Industry Analysis of Revenue Impact and Reverse Endorsement Spillover

By Rayhan Khimji

AUTHOR BIOGRAPHY

Rayhan Khimji is a Grade 12 IB Diploma student at The Cathedral and John Connon School in Mumbai, India. He is an entrepreneur and has previously published quantitative economics research, and hopes to study economics and business while continuing to conduct research in applied economics and consumer behaviour.

ABSTRACT

Celebrity marketing has become a widely used strategy across industries, yet its financial impacts remain unexplored in cross-industry quantitative analysis. This paper examines the extent to which celebrity endorsements generate measurable revenue growth and boost sales performance across industries, and how firm-level financial deterioration affects endorsement value. A hybrid methodology is employed, combining quantitative before-and-after comparison of financial data post celebrity anchor events with qualitative case study analysis. Nike and L'Oréal are associated with positive revenue impact from celebrity endorsement. Pepsi strengthened the defensive endorsement hypothesis, where celebrity endorsement acts as a defensive mechanism for revenue in mature industries. Budweiser displayed revenue growth yet compressed margins, reflecting market volatility in the sin goods industry. BYJU's engagement with Shah Rukh Khan confirmed the reverse endorsement spillover effect, where poor firm-level financial management negatively impacted the celebrity's reputation. Two novel theoretical contributions are introduced: the defensive endorsement hypothesis and the reverse endorsement spillover effect, both analysed through qualitative and quantitative methods. A cross-industry comparative framework is presented as a replicable methodology for marketing research. Firms show stronger endorsement returns when identifying congruency and market maturity, while celebrities must account for asymmetric risks in endorsement agreements.

Keywords: *celebrity endorsements, revenue growth, reverse endorsement spillover, defensive endorsement hypothesis, cross-industry analysis, brand congruence.*

Celebrity marketing has become a popular strategy across many industries, spanning from sports, beverages, sin goods, and influencer-driven companies (Nzuva, 2021). Over the last few decades, traditional marketing strategies have undergone a decline in use, while the newer strategy of utilising celebrities has seen a sustained increase. This growth has been caused by various factors, such as social media's influence on lifestyle, the surge of the influencer economy, and personal branding choices (Kaur, 2025). Financially, the last few decades have seen multi-million dollar endorsements towards celebrity branding as well as a high portion of the marketing budget being allocated towards onboarding influential celebrities in an attempt to increase both sales and perceived value of the brand (Symonds, 2023). This aspirational value leads to an increase in the glamour and a fear-of-missing-out effect being created, increasing the desire for the possession of a certain good or service (Simon & Cambefort, 2025).

Social media algorithms are a key factor in amplifying celebrity visibility, where many celebrities attempt to hold a strong position in their digital presence (Pasupuleti, 2025). Frequent exposure to their target audience leads to an association between the celebrity and the brand, and brand recall is increased (Alamoudi, 2024). Moreover, celebrities tend to incorporate promotions for their brands into daily content, portraying an array of products as organic rather than sponsored content (Annissa & Paramita, 2021). Thus, consumers may not always recognise persuasion attempts and their likelihood of purchasing the products is increased (Williams et al., 2004).

Celebrity marketing creates a variety of influence mechanisms to boost the perceived trustworthiness and mitigate any threats and perceived risks of consumption, especially for sin goods. This may lead to risky consumption having drawbacks – financially, mentally, emotionally or physically – on the consumers (Cabeza-Ramírez et al., 2022).

Consumers also tend to make decisions under information asymmetry (Ansari, 2023). This leads to celebrities holding a strong position in convincing and persuading the target audience into purchasing the product. This is especially prominent in low-involvement products and new or unfamiliar products, where the credibility of the product is associated with the celebrity employed to market the product (Spry et al., 2011). As a result, consumers often rely on heuristics, or mental shortcuts, in making decisions, and celebrity endorsement acts as one such shortcut (Zhang et al., 2024).

Existing research often blurs between various aspects and does not differentiate industry-wise effects of marketing and celebrity marketing. Sales are left independent rather than associated with marketing, which limits the effectiveness of understanding the effect of celebrity branding. Hence, this paper seeks to examine the

extent to which celebrity endorsements generate measurable revenue growth across sports, beverages, sin goods, and influencer-driven industries, and how firm-level financial deterioration affects endorsement value.

LITERATURE REVIEW

Celebrity endorsement has been theorised through many behavioural and psychological frameworks. The *credibility theory* states that the persuasiveness of a message depends on the perceived trustworthiness derived from who is imparting the message (Hovland et al., 1953). Ohanian (1990) tested this across 200 people and found that the perceived expertise of the endorser was the strongest signal in predicting purchase intention, beating both attractiveness and trustworthiness. However, this model has been critiqued for underweighting the cultural contexts in checking endorser credibility. The *halo effect* states that a single extremely prominent positive trait can lead the observer to assume several other positive but unrelated traits, boosting the brand image (Thorndike, 1920). Till and Busler (2000) demonstrated that celebrity-product fit moderates the halo effect. There was a high congruence between endorser image and product category, amplifying the positive attribute transfer. However, this effect decreases with an increase in exposure of the celebrity to more brands (Till & Busler, 2000).

A *parasocial relationship*, a concept introduced by Horton and Wohl (1956), is created when there is a one-sided psychological bond between the influencer and observer, which has led to a surge in the usage and implementation of these marketing strategies. Sokolova and Kefi (2019) found that parasocial relationships, especially those formed with social media influencers, significantly predicted purchase intentions, with trust acting as the primary variable of mediation. Regardless, critics note that parasocial bonds are difficult to measure and quantify, and their effect on purchasing remains inconsistent across demographics.

As consumers associate good branding with identities rather than the product itself, there are more frequent impulsive purchases being carried out rather than sensible, rational ones, all stemming from the idea of celebrity branding (Li et al., 2023b). Celebrity brand endorsement increases purchasing intention and brand recall (Ndlela & Chuchu, 2016). However, its effectiveness truly depends on the level of consumer involvement and the celebrity's ability to persuade the consumer into purchasing and building trust with the product.

While there are many benefits to using celebrity branding, there are also costs associated with employing celebrities to promote the company's product. Over-commercialisation of the product can lead to a decline in credibility, and consumers may start questioning the authenticity of the product (Kamel et al., 2025). Moreover, the branding strategy poses a threat to the brand image of the company if the product value falls short of the inflated status of the celebrity. This imbalance results in increased costs and an opportunity cost of what the marketing capital is being used for (Staff, 2009). Without a definite return on investment, it is generally difficult to understand whether there has actually been an increase in net sales or simply an increase in the perceived value

FALL 2026

of the brand. The perceived value may or may not translate into physical sales. Moreover, if a celebrity is involved in any scandals or damage, it reflects on the brand and its image; there may be spillover effects onto the company for promoting and utilising the celebrity, which can further lead to lowering the brand reputation and vice versa (Huang, 2017). It generally proves difficult to differentiate between long- and short-term brand equity increments, and sustained impact is difficult to measure, leading to uncertain benefits from using celebrities as marketing tools.

In the beverage industry, celebrity endorsements are employed to build aspirational associations and drive brand preference among a broad consumer base (Nnamocha & Chukundah, 2018). In sports, major brands like Nike and Adidas select and employ various star athletes to promote their products as they portray their success in their discipline due to the use of the products (Hsiao et al., 2021). In sin goods, marketing can lead to increased consumption of the demerit products, having costs on health and life (Salah & Alaya, 2024). In influencer-driven companies, there are low barriers to endorsements, and overall effectiveness per industry varies by context (Rayasam & Khattri, 2022).

Existing literature often focuses on individual psychological mechanisms or isolates business metrics, which reduces the scope of available research to provide information about the intersection between celebrity endorsement and brand performance. There is restricted integration of behavioural influence and industry-specific variation, which reduces the overall understanding of the effectiveness of celebrity endorsements, particularly across industries with varying levels of consumer sensitivity and ethical scrutiny (Zhao et al., 2024). Taken together, these theories suggest that endorsements operate through both trust and perceptions, mechanisms which are not explored in existing research.

RESEARCH GAP AND METHODOLOGY

Research Gap

The main gap identified within the existing literature is that the current literature does not measure the monetary impacts of celebrity endorsements, especially across different industries comparatively. Additionally, studies do not examine the reverse spillover effect, where the firm's deterioration damages the reputation of the onboarded celebrity persona. Hence, this paper aims to fill both of these gaps.

Company Selection & Rationale

This paper examines four sectors, namely, sports, beverages, sin goods and influencer-driven companies. These sectors have been selected due to the characteristics of consumer sensitivity, regulations, and the level of

FALL 2026

endorsements in the sector. Additionally, the companies selected for examination are Nike, Pepsi, Budweiser and L'Oréal. Each of the companies has been chosen with a clear and prominent celebrity anchor, which has represented a clear convergence in the finances of the company. All the companies have publicly verified data available to enable credibility and accuracy.

Table 1*Data & Timeframes*

Company	Celebrity Anchor event	Anchor year	Timeframe	Metrics
Nike	Ronaldo exit	2024	2020–2026	Revenue, Gross Profit, Marketing Budget
PepsiCo	Beyoncé deal	2012	2010–2016	Revenue, Gross Profit
Budweiser (InBev)	Messi campaign	2022	2019–2024	Revenue, Gross Profit
L'Oréal	Kendall Jenner deal	2018	2016–2022	Revenue only

Note. Created by author, 2026.

METHODOLOGY

This paper uses a hybrid methodology for analysis, using both quantitative secondary data paired with a qualitative interpretation and rationale behind the analysis. Quantitative figures are not suitable alone to explain variation, and therefore, help explain the numbers. For the quantitative figures, the pre- and post-anchor event metrics of gross profit and revenue have been selected. Secondary data has been taken from credible and verified sources such as Macrotrends, Yahoo Finance, company annual reports and Statista. In terms of the qualitative aspect, there is a contextual analysis of the campaigns carried out and the public feedback to the campaigns, in order to assess changes in profitability, accounting for increased marketing expenditure. However, L'Oréal gross profit metrics are unavailable, and a Budweiser pre-period of only one year has been taken into consideration due to the unavailability of accurate financial metrics disclosed.

CASE STUDY – BYJU'S & SRK

FALL 2026

BYJU's is an Indian edtech firm established in 2011, with its main aim of providing tutoring and online resources for competitive exam aspirants (BYJU'S, n.d.). In 2022, BYJU's valuation reached its peak of \$22B, and in 2017, BYJU's employed Shah Rukh Khan as the brand ambassador (Team, 2023). BYJU's, however, faced a significant financial crisis in 2023, followed by a fall after the resignation of the auditor and NCLT proceedings (TOI World Desk, 2024). This case study has been chosen to examine and analyse a reverse spillover effect, where the onboarding of SRK as a brand ambassador for an edtech firm may have led to a reputational risk for SRK, given his ongoing association with the brand. This case will test whether truly firm-level financial deterioration affects the endorsement value, which we will classify for the scope of this research paper as the reverse endorsement spillover effect.

Analysis**Nike – Sports Sector**

Nike is the world's largest multinational supplier of all things sports, ranging from shoes to apparel (Carpenter, 2025). Nike adopts a marketing strategy that incorporates high-profile individuals and athletes in their disciplines, such as Michael Jordan and Cristiano Ronaldo, to create motivational and aspirational campaigns. Hence, Nike has been selected as the sports sector representative for the scope of this research. Ronaldo's Nike contract expired in 2024 after spending over 20 years with the brand, reportedly due to high financial asks, relevance decline catalysed by age, and a Nike portfolio rebalance, in employing younger talent. With Ronaldo's contract expiration as the anchor, and the time frame of 2020-2025 inclusive, revenue, gross profit and marketing budget metrics have been analysed.

Table 2*Nike Annual Financial Performance (2020–2025)*

Year	Revenue (M USD)	Gross Profit (M USD)	Mktg. Budget (B USD)
2020	37,403	13,700	3.59
2021	44,538	20,001	3.11
2022	46,710	21,479	3.85
2023	51,217	22,292	4.06
2024	51,362	22,887	4.29
2025	46,309	19,790	4.69

Note. Created by author, 2026.

The time frames for analysis are segregated, where 2020-2023 is the *pre-anchor* period, 2024 is the *anchor* year, and 2025-Present is the *post-anchor* period. In the pre-anchor time period of 2020-2024, Nike noted a consistent upward trend in revenue and gross profit. The marketing budget also grew positively. In this time-frame, Ronaldo was employed as the Nike brand ambassador throughout. In the post-anchor time period of 2024-2025, after the contract with Ronaldo ended and his newfound contract with New Balance, Nike's revenue saw a sharp drop from 51,362 to 46,309, along with a gross profit decline from 22,887 to 19,790. Despite this multifaceted financial decline, the marketing budget for Nike continued to see a routine rise to 4.69, which is extremely significant.

Nike's annual growth compounding can be attributed partly to Ronaldo's global reach, as he is the most followed person on Instagram globally (Li, 2025). His characteristics matched Nike's representation as an elite-performance and an aspirational lifestyle brand. Nike's marketing success can be attributed to the halo effect, where Ronaldo's excellence in men's soccer transferred positively onto Nike's brand image and hence amplified the revenue generated through their products. However, in the post-anchor period, marked by Ronaldo's exit, this halo effect was removed and left Nike as its own separate entity.

Nike's marketing budget rose from 4.29B (2024) to 4.69B (2025) despite revenue falling. This suggests Nike continued to employ traditional marketing methods, away from celebrity endorsement, but due to the opposing decline in gross profits, volume spending failed to compensate for lost traction. This reinforces the claim that celebrity marketing boosts success due to the identity and reach of the celebrity rather than the amount of money spent on the endorsement of the celebrity. Ronaldo's geographical shift to Al-Nassr football club in Saudi Arabia in January 2023 significantly reduced his visibility, especially in widespread tournaments, even before the expiration of his contract (Romano & Sport, 2023). This is financially reflected in the weak rise in revenue from 2023 to 2024, as compared to the strong growth of revenue from 2022 to 2023.

Nike's trajectory is consistent with the research question, where the endorsement of a celebrity enhances both sales and revenue metrics, and any celebrity exit correlates with a quantifiable decline in the same.

Pepsi – Beverages Sector

PepsiCo holds the world's position as the second largest food and beverage distributor by both market cap and net profits, trailing behind competitor The Coca-Cola Company in beverage market share (Maverick, 2026). About 58% of PepsiCo's revenue is generated from food and drink, despite being in an extremely

FALL 2026

competitive consumables market (Dividend, 2025). In December of 2012, Pepsi adopted a mutually beneficial marketing move by employing Beyoncé in a \$50M Multi-year deal, sponsoring both her creative expression as well as her Super Bowl halftime show appearances, in return for an extensive endorsement by depicting Pepsi as a lifestyle brand (Stamper, 2012). The pivotal event for PepsiCo proved to be the Super Bowl appearance in 2013, gaining over 100M viewers and reaching peak exposure on a global front. The time frame considered for the impact generated by onboarding Beyoncé is 2010-2016 inclusive, with 2012 being used as the anchor year.

Table 3
Pepsi's Annual Financial Performance (2010–2016)

Year	Revenue (B USD)	Gross Profit (B USD)
2010	57.84	N/A
2011	66.50	34.911
2012	65.49	34.201
2013	66.41	35.172
2014	66.68	35.445
2015	63.06	34.325
2016	62.80	34.577

Note. Created by author, 2026.

The pre-anchor period is marked by 2010-2011. During this period, revenue grew from 57.84B to 66.50B, which displays strong baseline growth. Additionally, a data point of the 2010 gross profit has been excluded due to inaccuracy and the unavailability of its actual metric, with only estimates reported online. The pre-anchor growth was before the signing of Beyoncé and was driven by organic demand and existing marketing. In 2012-2013, which is classified as the anchor year and immediate post for this research, the revenue was slightly lower in 2012, at 65.49, being the year the deal was officially signed. However, in 2013, the strong recovery of revenue was noted at 66.41, being the year Beyoncé made the Super Bowl appearance, boosting exposure and hence traction in terms of sales for Pepsi. Gross profits also saw a rise from 34.201 to 35.172. The 2013 rise and recovery of the financial metrics is directly correlated to the single largest marketing event – the Super Bowl halftime show.

In the latter post-anchor period of 2014-2016, PepsiCo's revenue remained saturated and saw an eventual decline from 66.68 in 2014 to 62.80 in 2016. This same trend has been noted with a more prominent flat line in gross profit from 35.445 in 2014 to 34.577 in 2016, despite Beyoncé's deal remaining active and integral to the company's marketing strategy. This forces an exploration of whether the celebrity effect wore off, or whether there was an organic decline in the food and beverage sector, hampering sales and revenue. The 2014-2016 financial saturation can be associated with a strong global brand presence. Celebrity endorsement may have diminishing marginal returns when a strong brand identity is already formed, especially in the mass market, such as that of Pepsi (Fons et al., 2024). Pepsi did not need more awareness after Beyoncé and other celebrity endorsements, but rather a stronger distribution strategy to convert traction into sales.

Moreover, from a macro perspective, after 2012, carbonated soft drink consumption in the United States saw a steady decline due to rising health concerns in terms of obesity and increased sugar tax debates (Marriott et al., 2019). Celebrities were unable to singlehandedly offset market changes, especially those driven by the government. Additionally, the relationship derived from Beyoncé as a music and lifestyle icon did not directly relate to the themes of health, sport or refreshment – all that would have directly related to Pepsi. Till and Busler (2000) demonstrated that low celebrity-product congruence does not increase the halo effect, exactly what was seen in the relationship of Beyoncé and Pepsi. Unlike that of Nike, where Ronaldo had a strong and direct fit with Nike's core themes, amplifying success. Most importantly, the gross profit remained largely stable despite the significant revenue decline, suggesting that Beyoncé's endorsement may have acted as a defensive mechanism, preventing greater revenue erosion, rather than being a tool employed for boosting growth.

Pepsi's data partially conflicts with the hypothesis that celebrity endorsement enhances revenue and growth. In saturated and highly competitive markets such as the beverage industry, celebrity endorsement may be used as a strategy of protecting and stabilising revenue, rather than a tool to drive actual growth.

Budweiser — Sin Goods Sector

Budweiser (under parent company AB InBev), with its headquarters in Belgium, is the world's largest beer distributor, and it produces over one-fourth of the world's beer (Anheuser-Busch INBEV, n.d.). However, a characteristic which is prominent in the sin goods industry is that alcohol is a demerit good, is subject to regulatory scrutiny, has marketing restrictions and inherently has a poorer brand image. Budweiser launched a Messi collaboration campaign in 2022, with personalised Budweiser cans with Messi's name for the World Cup in Qatar. This celebrity endorsement collaboration was significant, as alcohol is heavily restricted, and its distribution was prevented two days before the tournament began (Ingle, 2022). Regardless, Messi cans were still produced, driving revenue growth for Budweiser. The time frame selected is 2019-2024, with the anchor year of 2022.

Table 4*Budweiser's Annual Financial Performance (2019–2024)*

Year	Revenue (B USD)	Gross Profit (M USD)
2019	52.33	3,318
2020	46.88	2,907
2021	54.30	3,657
2022	57.79	3,453
2023	59.38	3,128
2024	59.76	3,147

Note. Created by author, 2026.

During the pre-anchor period of 2019-2021, Budweiser's revenue fell substantially to 46.88 due to the COVID-19 pandemic, as bars and restaurants closed and footfall declined at major consumption spots for the drink (Infante, 2021). Budweiser saw a strong recovery in 2021, with regard to the post-COVID reopening. The gross profits followed a similar pattern with a strong rise from 2,907 to 3,657. This is the COVID baseline, with any changes during this period being due to market volatility (Uddin et al., 2021). In the anchor and post-anchor periods, defined by the 2022-2024 period, revenue saw constant positive growth from 57.79 in 2022 to 59.76. However, contrary to the hypothesis, the gross profit declined from 3,453 in 2022 to 3,147 in 2024, which shows revenue growth but margins contracted.

Messi's campaign drove visibility, with the World Cup 2022 generating over 1.5B viewers during the final, all of which Budweiser capitalised on in Messi's moment under the spotlight of his first World Cup win. However, despite increased visibility to 1.5B people, Messi's deal, as well as the World Cup sponsorship, consumed a large part of the expenditures for Budweiser. The World Cup spending alone exceeded \$75M, showing overambitious spending championing revenue growth (Mollman, 2022). Additionally, alcohol is classified as a demerit good, and negative advertising and educational schemes dissuade potential customers from consuming the drink. The credibility theory, by employing Messi as a signal of a clean and disciplined athlete,

FALL 2026

reduces the perceived social risk of consumption and increases the credibility signal of the brand by passing the trustworthiness of Messi upon Budweiser (Ohanian, 1990).

Despite the Budweiser setback, where the drinks were banned from distribution at the stadium days before the tournament, global revenue continued to undergo a sustained rise post 2022. This can be attributed to Messi's personal brand strengthening perception and hence isolating the celebrity effect from the sponsorship effect, driving sales. The congruence here contradicts Till & Busler, where the congruence theory holds less prominence in the sin goods industry, showing that fame and reach play a significant role in reach and sustained consumption. Even though Messi exhibits discipline and drive, unlike Budweiser, the revenue metrics continued to grow. Budweiser's data displays that celebrity endorsement in sin goods increases revenue consistently, validating the extent of the research question of enhancing revenue and sales. However, the extent to which celebrity marketing is net successful is ambiguous, due to the persistent costs and compressed margins in employing high-profile athletes.

L'Oréal — Influencer-Driven Sector

L'Oréal is known to be the world's largest beauty and cosmetics company, with distribution in over 150 countries (Mallory, 2023). In the influencer-driven industry, the entire drive behind sales is the creation of aspirational value and a belief in enhanced personal image upon consumption (Ampornklinkaew, 2025). L'Oréal also follows this aspirational route to increase sales and profitability, with its tagline being 'Because You're worth it', creating aspirational value for its target audience (L'Oréal, n.d.). With its long history of employing celebrity endorsers, L'Oréal partnered with Kendall Jenner in 2018, one of the most followed individuals on Instagram, and an icon who personally curates for L'Oréal's target market of women between the ages of 18 and 45. The time frame for this research is between 2016 and 2022 inclusive, with the anchor year of employing Kendall Jenner set as 2018. In terms of metrics considered, the revenue trends will be analysed and interpreted, and gross profit will not be considered, as disclosed in the methodology.

Table 5*L'Oréal's Annual Financial Performance (2016–2022)*

Year	Revenue (B EUR)
2016	25.84
2017	26.02
2018	26.94

FALL 2026

Year	Revenue (B EUR)
2019	29.87
2020	27.99
2021	32.28
2022	38.26

Note. Created by author, 2026.

The pre-anchor period of 2016-2017 saw minimal growth, from 25.84 to 26.02, with celebrity ambassadors already a core part of L'Oréal's marketing strategy. The anchor year itself is 2018, displaying revenue of 26.94. In the post-anchor period, from 2018-2022, a strong upward revenue trajectory was noted, with a year-on-year increase from 26.94 to 38.26. Despite the 2020 dip to 27.99 due to COVID, leading to beauty outlets closing, a sharp recovery in 2021 to 32.28 was made, displaying an ongoing interest from the consumer side. The overall growth from the anchor year of 2018 to 2022 showed a 42% revenue increase, the strongest of the four considered industries.

Kendall Jenner and L'Oréal's congruence is strong, where both entities display characteristics of beauty and aspirational value creation. This supports Till & Busler, where a high congruency between them increases the halo effect on L'Oréal, hence allowing for a constant and upward revenue trajectory (Till & Busler, 2000). The parasocial relationship is strong, due to Kendall's 260M+ Instagram followers, allowing the overlap of her audience with the selected demographic of L'Oréal, significantly predicting and promoting purchasing behaviour of the products (Sokolova & Kefi, 2019). Contrasted to other celebrity deals, Kendall's endorsement felt natural due to her already established prominence in the fashion world, allowing for a quick adoption of her marketed products by her following. This is due to consumers being less likely to recognise persuasion attempts when the endorsement feels naturally created (Friestad & Wright, 1994). The 2020 dip in revenue must therefore not be attributed to the marketing strategy employed by L'Oréal, but rather to COVID, which led to global retail disruption and supply shocks.

L'Oréal directly supports the research question, where the employment of a suitable celebrity enhanced both sales and revenue for the company. Kendall's parasocial audience alignment, along with the influence narrative, has produced the strongest industry-specific revenue increase of 42%, showing high impact on celebrity employment when these conditions are satisfied.

FALL 2026

Case Study — BYJU's & SRK

BYJU's is an Indian edtech firm, with a peak valuation in 2022 of \$22B. BYJU's employed a celebrity marketing strategy in 2017 by onboarding Shah Rukh Khan (SRK), who is considered one of India's most prominent and recognisable Bollywood stars, with over 40M Instagram followers (Mogul, 2025). The purpose of selecting this case study is to check the reverse endorsement spillover effect.

SRK was a strong congruence fit due to both an aspirational fit as well as a strong curation to both parents and students, due to his large demographic reach. BYJU's target market was Indian students and parents making the purchasing decisions, and hence, SRK added credibility and enhanced brand reputation (Inamdar, 2021). BYJU's SRK campaign ran across national TV, social media platforms and out-of-home channels, allowing substantial reach and visibility to boost sales of BYJU's learning programs (BrandEquity, 2021). This is directly aligned with the credibility theory, where SRK's trustworthiness was directly passed on to BYJU's learning platform, increasing consumer trust and perception of the brand (Ohanian, 1990).

BYJU's valuation peaked in 2022 with a valuation of \$22B, making it the world's largest edtech startup globally according to Forbes (Raghunathan, 2022). However, in early 2023, the first signs of poor financials were seen, and investors cut funding. In April 2023, Deloitte resigned as auditor due to their inability to verify BYJU's financial statements (Sriram & Kalra, 2023). In June 2023, the internal collapse of BYJU's began to escalate with more than 3 board members resigning due to increasing volatility and instability with funds and investments (Meghani, 2023). Moreover, the BCCI disclosed that BYJU's owed more than INR 158 crore in unpaid dues, which humiliated and tarnished their brand reputation and hence ruined their credibility as an education service provider (Press Trust of India, 2024). Eventually, in late 2024, BYJU's valuation was written down to near 0 by investors, and hence steered BYJU to claim insolvency, all while SRK was the face of the company (Chaturvedi, 2024).

SRK did not stop being consistent with BYJU's, but rather remained a silent face of the company. Investors who lost money publicly defamed SRK's reputation, associating BYJU's decline with SRK's fraudulent promotion and missed risk identification. Parents who purchased BYJU's subscriptions due to SRK's persuasion felt manipulated, which led to SRK's credibility as an individual to decline. This is the reverse spillover effect, where SRK's reputation was damaged due to the firm's downfall, rather than SRK being able to enhance the firm's reputation. As Huang (2017) mentioned, spillover effects work bidirectionally, and a parasocial relationship was created; now, consumers who trusted SRK's promotion and judgment were left disappointed (Huang, 2017).

FALL 2026

This case displays the second part of the research question, where firm-level financial deterioration leads to the endorsement value of SRK to decline, not due to his own behaviour and actions, but rather due to poor internal financial management by the BYJU's team. This is the inverse of what is seen from normal spillovers, where celebrity damages brand, as here the brand damaged the celebrity, showing celebrities also face asymmetric risk in endorsements. The BYJU's case hence shows the reverse endorsement spillover effect as a legitimate phenomenon, validating the second part of the research question.

IMPLICATIONS & LIMITATIONS

Implications

Celebrity endorsements have multiple implications for firms. Celebrity endorsement generates revenue changes as seen in all four sectors. Especially for L'Oréal, high congruence and parasocial alignment show the strongest return on investment. Additionally, as seen in Pepsi, saturated industries can employ celebrities as a defence mechanism rather than a tool to increase revenue. Sin goods industries may also see strong revenue growth, but their margins may not reflect increased revenue, and hence must be factored in for the expenditure calculation of celebrity endorsement. Firms in total must also check celebrity fit before the deal is committed, rather than reach, as seen in Ronaldo & Nike, and Kendall Jenner & L'Oréal.

Celebrities may face risk, especially due to the reverse spillover effect when signing deals with volatile and weakly managed firms, as seen in the BYJU's case. BYJU's case also displayed a strong need for exit clauses, along with transparent financials available to assess growth and financial prosperity. Further academic research should consider the reverse endorsement spillover effect, which has been highlighted as a prominent and present phenomenon in companies. Cross-industry comparative frameworks are a feasible methodology for comparison for further industry research on celebrity marketing.

Limitations

Table 6

Limitations

Limitation	Explanation	Impact
Correlation vs causation	Revenue changes are correlated with the celebrity being employed and the anchor event. However, there is no certainty that the main cause of the	Findings reflect a correlation between celebrity and revenue, rather than conclusive evidence for the same.

FALL 2026

Limitation	Explanation	Impact
	revenue increase is celebrity endorsement.	
Usage of one celebrity	Each company has multiple other ongoing endorsements and advertising techniques, and isolating the impact on one celebrity may be difficult.	Overestimation of the scale of impact one celebrity and its anchored event had on the company's revenue.
L'Oréal gross profit unavailable.	Accurate metrics of L'Oréal's gross profit are unavailable and have not been addressed in the scope of the research.	Interpretation of the impact of the campaign is limited due to there not being enough quantitative evidence to check whether gross profits have actually increased.
Limited Budweiser time frame	Only one year of pre-anchor data is present, before the intervention of COVID on the revenue data.	The before-and-after comparison tracking changes due to celebrity employment may lack a clear distinction.
COVID interference	All sectors during 2020 have been affected by COVID, and hence have seen a revenue decrease.	This year has seen increased market volatility and decreased consumer confidence. Must be considered as an outlier.
Currency non-uniformity	L'Oréal metrics were reported in EUR, while the others were in USD.	The cross-company analysis cannot be comprehensive financially, and just signals a contrast between the companies rather than actual figures being taken into consideration.

Note. Created by author, 2026.

CONCLUSION

This research investigated the extent to which celebrity endorsement boosts revenue growth and sales across industries, and how firm-level deterioration affects endorsement value.

For Nike, the employment of Ronaldo as a celebrity endorser drove consistent revenue growth, while his exit from Nike and partnership with competitor New Balance significantly declined both revenue and gross profits. For Pepsi, as they operate in a mature market with large-scale competitors such as The Coca-Cola Company, the endorsements acted as a defence mechanism protecting sales and revenue, rather than a growth driver, showing the multifaceted way celebrity employment can work, demonstrating different purposes across industries. For Budweiser, the findings showed that revenue grew, while the actual gross profit margin shrank, questioning how effective celebrity marketing methods are in the sin goods industry, with high volatility and regulatory measures. For L'Oréal, we saw a direct and strong positive case, with a 42% revenue growth attributed to high parasocial alignment and congruency. Lastly, for BYJU's, the reverse endorsement spillover effect was validated, where the firm's financial collapse and insolvency greatly affected SRK's reputation, showing the asymmetric risk upon the celebrities as well.

To answer the research question, celebrity endorsement in most industries does generate measurable revenue impact, but the scale at which the impact is generated depends on congruence, parasocial alignment and market maturity. Where all three factors are present, as seen in L'Oréal, the effect of celebrity endorsement is strong and positive on revenue; however, when one or more are absent, the effect is negligible and harder to quantify. Moreover, firm-level deterioration does affect endorsement value, as seen in the BYJU's case study; however, quantifying this effect remains a limitation, as a qualitative approach was considered in the analysis.

The main contributions of this paper are the defensive endorsement hypothesis, where the paper identified the usage of celebrity marketing as a tool of defensive strategy in saturated markets. The reverse endorsement spillover, which was identified as an academic concept in BYJU's case study. Lastly, a cross-industry comparison with a replicable methodology can be followed for future marketing research.

For future research, quantification of the reverse spillover effect can be measured to check the actual extent of damage to the celebrity, using valuation models. The defensive endorsement hypothesis can be tested in other mature FMCG markets, and then can be extrapolated to other industries as well to test whether it is an omnipresent phenomenon. Longitudinal timeframes can also be considered to check the complete return on investment upon employing a celebrity, rather than just an anchor timeframe.

REFERENCES

- Alamoudi, A. M. (2024). The impact of celebrity presence and performances on event sponsorship and brand associations. *Academy of Entrepreneurship Journal*, 30(4), 1–36. <https://www.abacademies.org/articles/the-impact-of-celebrity-presence-and-performances-on-event-sponsorship-and-brand-associations-17186.html>
- Ampornklinkaew, C. (2025). The role of social media influencers in influencing consumers' imitation intentions. *Digital Business*, 5(2), 100143. <https://doi.org/10.1016/j.digbus.2025.100143>
- Anheuser-Busch InBev. (n.d.). *World Economic Forum*. <https://www.weforum.org/organizations/anheuser-busch-inbev-nv/>
- Annissa, A. N., & Paramita, E. L. (2021). Brand promotion: The effects of celebrity endorsement and brand image on consumer buying decision. *Jurnal Bisnis dan Manajemen*, 8(1). <https://doi.org/10.26905/jbm.v8i1.5413>
- Ansari, S. (2023, December 13). Asymmetric information. *Economics Online*. <https://www.economicsonline.co.uk/definitions/asymmetric-information.html/>
- Business Standard. (2023, July 4). Amid deep financial crisis, Byju's and Shah Rukh Khan may part ways. *Business Standard*. https://www.business-standard.com/companies/news/amid-deep-financial-crisis-byju-s-and-shah-rukh-khan-may-part-ways-123070400209_1.html
- BYJU'S. (n.d.). *World Economic Forum*. <https://www.weforum.org/organizations/byjus/>
- Cabeza-Ramírez, L. J., Sánchez-Cañizares, S. M., Santos-Roldán, L. M., & Fuentes-García, F. J. (2022). Impact of the perceived risk in influencers' product recommendations on their followers' purchase attitudes and intention. *Technological Forecasting and Social Change*, 184, 121997. <https://doi.org/10.1016/j.techfore.2022.121997>
- Carpenter, J. W. (2025, December 16). Nike stock (NKE): Analyzing 3 key suppliers. *Investopedia*. <https://www.investopedia.com/articles/markets/051416/nike-stock-analyzing-5-key-suppliers-nke.asp>
- Chaturvedi, A. (2024, October 18). "Worth zero": Founder of India's once biggest startup Byju's concedes mistakes. *Reuters*. <https://www.reuters.com/world/india/worth-zero-founder-indias-once-biggest-startup-byjus-concedes-mistakes-2024-10-18/>
- ET BrandEquity. (2021, September 21). Shah Rukh Khan introduces two teacher advantage in Byju's new ad. *ET BrandEquity*. <https://brandequity.economicstimes.indiatimes.com/news/research/advertising/shah-rukh-khan-introduces-two-teacher-advantage-in-byjus-new-ad/86293913>

-
- Fons, E., Romero, M. J. M., García, M. C., & Pons, J. D. M. (2024). I like you, but I don't need you: The diminishing returns of celebrity endorsement for popular brands. *International Journal of Sport Management and Marketing*, 24(3/4), 244–261. <https://doi.org/10.1504/ijsmm.2024.138985>
- Friestad, M., & Wright, P. (1994). The persuasion knowledge model: How people cope with persuasion attempts. *Journal of Consumer Research*, 21(1), 1–31. <https://doi.org/10.1086/209380>
- Horton, D., & Wohl, R. R. (1956). Mass communication and para-social interaction: Observations on intimacy at a distance. *Psychiatry*, 19(3), 215–229. <https://doi.org/10.1080/00332747.1956.11023049>
- Hovland, C. I., Janis, I. L., & Kelley, H. H. (1953). *Communication and persuasion: Psychological studies of opinion change*. Yale University Press.
- Hsiao, C., Tang, K., & Su, Y. (2021). An empirical exploration of sports sponsorship: Activation of experiential marketing, sponsorship satisfaction, brand equity, and purchase intention. *Frontiers in Psychology*, 12, 677137. <https://doi.org/10.3389/fpsyg.2021.677137>
- Huang, J. C. (2017). How does scandal affect the celebrity-endorsed brand? In *Developments in marketing science: Proceedings of the Academy of Marketing Science* (pp. 689–691). Springer. https://doi.org/10.1007/978-3-319-45596-9_133
- Inamdar, N. (2021, December 7). Byju's and the other side of an edtech giant's dizzying rise. *BBC News*. <https://www.bbc.com/news/world-asia-india-58951449>
- Infante, J. (2021, February 25). Anheuser-Busch InBev revenue declines to \$46.8 billion in 2020. *Brewbound*. <https://www.brewbound.com/news/anheuser-busch-inbev-revenue-declines-to-46-8-billion-in-2020/>
- Ingle, S. (2022, November 18). Qatar bans beer from World Cup stadiums after 11th-hour U-turn. *The Guardian*. <https://www.theguardian.com/football/2022/nov/18/qatar-bans-beer-from-world-cup-stadiums-fifa-u-turn>
- Kamel, S. B., Mahdi, H. T., & Hassan, L. M. (2025). The impact of advertising credibility on the consumer's purchase decision. *HOLISTICA – Journal of Business and Public Administration*, 16(2), 62–80. <https://doi.org/10.2478/hjbpa-2025-0017>
- Kaur, H. (2025). The influence of social media influencers on the buying behaviour of youth: A study of emerging consumer trends. *International Journal for Multidisciplinary Research*, 7(2), 1–2. <https://www.ijfmr.com/papers/2025/2/43185.pdf>
- Knowledge at Wharton. (2009, November 4). Celebrity advertising: What is the ROI? *Knowledge at Wharton*. <https://knowledge.wharton.upenn.edu/article/celebrity-advertising-what-is-the-roi/>
- L'Oréal. (n.d.). *Because you're worth it* [Video]. L'Oréal. <https://www.loreal.com/en/videos/brands/manifesto-loreal-paris/>
- Li, S., Suhari, U., Shidiqqi, M. F., Aras, M., & Mani, L. (2023). The role of celebrity endorsement on impulse buying behavior with customer loyalty as a moderating in the e-commerce industry. *Business Economic*

-
- Communication and Social Sciences (BECOSS) Journal*, 5(1), 59–72.
<https://doi.org/10.21512/becossjournal.v5i1.9076>
- Li, Z. (2025). Analysis of the impact of social media on athletes and their participation strategies: Cristiano Ronaldo as an example. *Academic Journal of Management and Social Sciences*, 13(3), 473–478.
<https://doi.org/10.54097/41cwxq56>
- Mallory, R. (2023, May 3). The beauty queen: L'Oréal reigns as the world's most valuable cosmetics brand. *Brand Finance*.
<https://brandfinance.com/press-releases/the-beauty-queen-loreal-reigns-as-the-worlds-most-valuable-cosmetics-brand>
- Marriott, B. P., Hunt, K. J., Malek, A. M., & Newman, J. C. (2019). Trends in intake of energy and total sugar from sugar-sweetened beverages in the United States among children and adults, NHANES 2003–2016. *Nutrients*, 11(9), 2004. <https://doi.org/10.3390/nu11092004>
- Maverick, J. B. (2026, March 2). Coke vs. Pepsi: Dominating the global beverage market. *Investopedia*.
<https://www.investopedia.com/ask/answers/060415/how-much-global-beverage-industry-controlled-coca-cola-and-pepsi.asp>
- Meghani, V. (2023, June 23). Three Byju's board members resigned over differences with the founder, but why didn't they do so sooner? *Forbes India*.
<https://www.forbesindia.com/article/news/three-byjus-board-members-resigned-over-differences-with-the-founder-but-why-didnt-they-do-so-sooner/86057/1>
- Mogul, R. (2025, November 9). The last of India's mythic superstars. *CNN*.
<https://edition.cnn.com/2025/11/08/india/india-shah-rukh-khan-last-superstar-feature-intl-hnk-dst>
- Mollman, S. (2022, November 20). Qatar just spat in the face of Budweiser's \$75 million World Cup sponsorship. *Fortune*.
<https://fortune.com/2022/11/18/world-cup-qatar-budweiser-inbev-alcohol-ban-sponsorship/>
- Ndlela, T., & Chuchu, T. (2016). Celebrity endorsement advertising: Brand awareness, brand recall, brand loyalty as antecedence of South African young consumers' purchase behaviour. *Journal of Economics and Behavioral Studies*, 8(2), 79–90. [https://doi.org/10.22610/jeb.v8i2\(j\).1256](https://doi.org/10.22610/jeb.v8i2(j).1256)
- Nnamocha, O. A., & Chukundah, T. T. (2018). Celebrity endorsements and customer patronage. *Journal of Economics and Management Sciences*, 1(3), 45. <https://doi.org/10.30560/jems.v1n3p45>
- Nzuva, S. M. (2021). Celebrity endorsement: Is it still useful as a strategic marketing tool? A focus on medium and large-size enterprises. *International Journal of Economics and Management Studies*, 8(5), 78–91. <https://doi.org/10.14445/23939125/ijems-v8i5p109>
- Ohanian, R. (1990). Construction and validation of a scale to measure celebrity endorsers' perceived expertise, trustworthiness, and attractiveness. *Journal of Advertising*, 19(3), 39–52.
<https://doi.org/10.1080/00913367.1990.10673191>

-
- Pasupuleti, M. K. (2025). Digital stardom: The role of social media in shaping the public personas of celebrities. *International Journal of Academic and Industrial Research Innovations*, 5(4), 288–295. <https://doi.org/10.62311/nesx/rp2425>
- Press Trust of India. (2024, October 23). Top court reverses tribunal order on Byju's–BCCI Rs 158 crore settlement. *NDTV*. <https://www.ndtv.com/india-news/supreme-court-reverses-tribunal-order-on-byjus-bcci-rs-158-crore-settlement-6853382>
- Raghunathan, A. (2022, June 7). After two years of blockbuster growth, edtech giant Byju's readies for new normal. *Forbes*. <https://www.forbes.com/sites/anuraghunathan/2022/06/07/after-two-years-of-blockbuster-growth-edtech-giant-byjus-readies-for-new-normal/>
- Rayasam, L. S., & Khattri, V. (2022). Social media influencer endorsement. *International Journal of Online Marketing*, 12(1), 1–14. <https://doi.org/10.4018/ijom.299403>
- Rochlitz, J. (2025, August 8). Pepsi: Turnaround in the making? *GuruFocus*. <https://finance.yahoo.com/news/pepsi-turnaround-making-095535362.html>
- Romano, F. (2023, January 5). Cristiano Ronaldo completes deal to join Saudi Arabian club Al Nassr. *The Guardian*. <https://www.theguardian.com/football/2022/dec/30/cristiano-ronaldo-al-nassr-saudi-arabia>
- Salah, A. H., & Alaya, O. M. (2024). Persuasive advertising cause sin goods consumption by students in Arab region. *Global Journal of Economic and Business*, 14(2), 165–178. <https://doi.org/10.31559/gjeb2024.14.2.7>
- Simon, F., & Cambefort, M. (2025). Do endorsers contribute to the social standing of brands? Exploring social judgments about celebrities versus influencers. *Journal of Business Research*, 200, 115671. <https://doi.org/10.1016/j.jbusres.2025.115671>
- Sokolova, K., & Kefi, H. (2019). Instagram and YouTube bloggers promote it, why should I buy? How credibility and parasocial interaction influence purchase intentions. *Journal of Retailing and Consumer Services*, 53, 101742. <https://doi.org/10.1016/j.jretconser.2019.01.011>
- Spry, A., Pappu, R., & Cornwell, T. B. (2011). Celebrity endorsement, brand credibility and brand equity. *European Journal of Marketing*, 45(6), 882–909. <https://doi.org/10.1108/03090561111119958>
- Sriram, M., & Kalra, A. (2023, June 22). Byju's auditor Deloitte, three board members sever ties with embattled edtech startup. *Reuters*. <https://www.reuters.com/technology/three-board-members-indias-byjus-step-down-sources-2023-06-22/>
- Stamper, L. (2012, December 10). Beyoncé is Pepsi's new \$50 million brand ambassador. *Business Insider*. <https://www.businessinsider.com/beyonc-is-pepsis-new-50-million-brand-ambassador-the-brief-2012-12>

-
- Symonds, M. (2023, January 27). Celebrity brand endorsement is worth billions. What could go wrong, Kanye? *Forbes*.
<https://www.forbes.com/sites/mattsymonds/2022/12/15/celebrity-brand-endorsement-is-worth-billions-what-could-go-wrong-kanye/>
- Thorndike, E. L. (1920). A constant error in psychological ratings. *Journal of Applied Psychology*, 4(1), 25–29.
<https://doi.org/10.1037/h0071663>
- Till, B. D., & Busler, M. (2000). The match-up hypothesis: Physical attractiveness, expertise, and the role of fit on brand attitude, purchase intent and brand beliefs. *Journal of Advertising*, 29(3), 1–13.
<https://doi.org/10.1080/00913367.2000.10673613>
- TOI World Desk. (2024, July 16). How Byju's went from startup star to facing insolvency. *The Times of India*.
<https://timesofindia.indiatimes.com/business/india-business/how-byjus-went-from-startup-star-to-facing-insolvency/articleshow/111788277.cms>
- Uddin, M., Chowdhury, A., Anderson, K., & Chaudhuri, K. (2021). The effect of COVID-19 pandemic on global stock market volatility: Can economic strength help to manage the uncertainty? *Journal of Business Research*, 128, 31–44. <https://doi.org/10.1016/j.jbusres.2021.01.061>
- Williams, P., Fitzsimons, G. J., & Block, L. G. (2004). When consumers do not recognize “benign” intention questions as persuasion attempts. *Journal of Consumer Research*, 31(3), 540–550.
<https://doi.org/10.1086/425088>
- Zhang, R., Yu, Z., & Yao, W. (2024). Navigating the complexities of online opinion formation: An insight into consumer cognitive heuristics. *Journal of Retailing and Consumer Services*, 81, 103966.
<https://doi.org/10.1016/j.jretconser.2024.103966>
- Zhao, Y., Li, Y., Liu, B., Chang, H., & Guo, Y. (2024). Unique attributes of official endorsers in destination marketing. *Scientific Reports*, 14(1), 13959. <https://doi.org/10.1038/s41598-024-64951-3>