



To what extent have BYJU's celebrity endorsement and sponsorship strategies successfully contributed to the growth of the company?

Abstract

In light of the pandemic, many aspects of our life have become increasingly digitized. One such aspect is education. Even prior to the pandemic, 'Ed-tech' or educational technology was on the rise. Of the many brands that were prospering in this sub-industry, an Indian startup named BYJU's started to become very popular. With the beginnings of this company dating back to 2011 and beyond, at today's date BYJU's has been valued at an impressive \$23 billion. This paper aims to unfold the history of the company to prove that it fits the definition of a startup, as found in the literature, to a great extent. Furthermore, by using marketing knowledge, the varying growth strategies that enabled the company this success are also analyzed.

Introduction

From a small village in Kerala to becoming one of the most successful startups in the Indian ed-tech space - The growth of BYJU's is supported by some carefully crafted strategies.

Byju Raveendran comes from a small village in Kerala. He was an engineering student who started to teach his friends and others around him math. This eventually led to him tutoring many students for the CAT test as well. After attempting the CAT exam and scoring 100%, Byju realized he had the potential to take up full-time teaching around 2005. In 2011, he set up Think & Learn (the parent company of BYJU's) after which the main app which is now infamously known as BYJU's was launched in 2015. The app follows a freemium model and offers training to students for several Indian examinations as well as some international ones. Other than this, the company has two other sales channels namely their tablet learning and offline teaching.

Whilst the market for ed-tech was not very competitive initially, many companies such as Vedantu, UpGrad and Unacademy started to see the same potential in education technology as BYJU's and thus set up/accelerated

their brands. Therefore, BYJU's knew they had to have strong growth strategies in place to build brand awareness and maintain a favorable brand image. In light of this, the company used much of the funds they raised in various fundraising rounds to enable marketing strategies such as advertising campaigns with celebrities, sponsorships and acquisitions.

The research question this paper aims to answer is **'To what extent have BYJU's celebrity endorsement and sponsorship strategies successfully contributed to the growth of the company?'**

BYJU's - the history of the ed-tech company

BYJU's is a company that almost everyone has heard of in the last few years, however, in the business world, it is commonly referred to as one of the most successful Indian ed-tech startups. Thus, to fully understand the history and growth of the firm, it is important to analyze what constitutes a start-up as well as what the ed-tech space is formally defined as in the literature. Firstly, most of the existing research concludes that start-ups are essentially businesses that are founded with the main aim of developing a unique product or service, bringing it to the market and ultimately making it irreplaceable for consumers. These young businesses tend to be rooted in innovation and are commonly recognized as disruptors as they tend to provide to society something that is needed but has not been created yet or has not been created correctly (Baldrige, 2021).

Start-ups are not defined by the amount of time that they have been in the market, instead, one of the key factors that distinguish them from other companies is the speed and growth trajectory that they aim to follow (Graham, 2020). Because of wanting to achieve quick growth, start-ups tend to seek high levels of funding from external sources. Therefore, they tend to go through many rounds of funding. For example, the earliest stage of funding is recognized as pre-seed funding and this is when the founders themselves as well as close friends, family and supporters tend to represent the funders. The funds raised at this stage mainly go towards getting the operations of the startup off the ground. Following this, seed funding begins as the first official equity funding stage and represents the money startups use to finance first steps such as market research and product development. Once again, there are many different types of investors at this stage but the most common are angel investors who tend to be appreciative of riskier ventures, which are commonly associated with start-ups. After these two stages, and once the business has developed a track record of some sort, they may start to venture farther into obtaining series A, series B and series C funding (Reiff, 2019).

Moving onto what ed-tech is, this is essentially short for education technology and the field broadly includes hardware and software programs commonly used in remote/distance learning as well as theories of learning and increasing research into what is the most effective means of imparting new knowledge and skills with people (Corporate Finance Institute, 2020). In the simplest of terms, ed-tech comprises the entire world of computer-

aided education and training. Contrary to popular belief, this particular industry has been around for a very long time. For example, research suggests that as early as the 1960s, educational institutions had been conducting trials and experiments involving computers to help teach students math and spelling. It was, of course, particularly after the advent of internet connections that online courses sprang up and became a lot more common and it had been estimated that by 2010, nearly 6,000,000 students were taking courses within the United States alone. Since then, ed-tech has most obviously grown drastically. This growth is most commonly attributed to the development of multimedia sources and better video conferencing computer programs as they make ed-tech more accessible and effective. At today's date, the industry includes innovations such as ed-tech robots that students can use to take notes as well as blockchain tools that educators can access to grade student work (Corporate Finance Institute, 2020).

Based on all the aforementioned, it is made easier to understand the history of BYJU's and the reason behind them being recognized as one of the most successful Indian ed-tech startups. BYJU's has a long drawn history, having been started in 2008 by Byju Raveendran, the company was first registered as Think & Learn and focused mainly on the K-12 segment i.e. students enrolled in classes from kindergarten through to grade 12 (TechTarget, 2005). After investing large sums of his own money, the founder approached external funders to raise a series A round of \$9 million in 2013 (Crunchbase, 2022). Recognizing the increasing trend of technological integration in learning, Byju used the funds to develop and launch a tablet learning program for competitive exams and grades 8th to 12th in 2014. The year after also brought about a successful series B funding round of \$25 million led by one of the biggest names i.e. Sequoia capital (Crunchbase(2), 2022). It was only later in 2015 that the BYJU's learning app was introduced to the market and within only three months of launch the company scaled to 20 lakh students (Arora, 2021). The main purpose of the app is to help students learn on their own rather than rely on spoon-feeding. The approach combines the reinvention of learning, proven pedagogical methods, personalized learning as well as world-class teachers to deliver the material. Ultimately, the main aim of the company is summarized well in their tagline/slogan which is "to fall in love with learning".

Since its inception, BYJU's growth has been tremendous, to say the least. At today's date, this ed-tech unicorn is valued at \$23 billion (Laskar, 2022). So, who are the company's customers? Well, many articles have highlighted how the customers of BYJU's are not the end users. Instead, parents most commonly tend to serve as the customers while the actual consumers of the platform are the students who use it to study and learn. Furthermore, with the different services that BYJU's offers, it is no surprise that they have a large user base of around 3.5 million paid subscriptions and an 85% renewal rate (Chabbra, 2022). With regards to the main channels used by the company to deliver services to its end users i.e. the student, there are three. Firstly, there is the main BYJU's app which is available on both android and iOS systems. This subscription-based revenue model is one of the prime sources of income for the company and is structured in a manner where students receive a 15-day free trial with access to some limited features after which they are usually compelled to

purchase the full course to be able to access all features. This is more formally recognized in the business world as a freemium model and is similar to that provided by companies such as Netflix. Secondly, there is a BYJU's tablet which is pre-loaded with a chosen course of video lessons that helps students access material even off-line. Lastly, the company also offers off-line classes in some of the cities of India (Banerjee and Rathi, 2022).

Given all the success the company has achieved to date as well as the aim to continue growing, the founder has expressed their desire to pursue an initial public offering aka an IPO (Rai, 2022). Interestingly, this is another characteristic very commonly associated with start-ups as the literature recognizes that most start and continuously grow with the end aim of going public in the market. An initial public offering is a big milestone for a company and signifies its shift from being a private company to one which is now public. As part of this, there are many benefits to be enjoyed with the main ones being the ability for the company's shares to be traded in the stock market and a new and rather large source of equity to be opened up. As of May 2022, the company had raised \$800 million in fresh funding as part of a pre-IPO round in which the founder had invested \$400 million in his personal capacity. It is expected that the company will file papers for an IPO and list it within the next 9 to 12 months and is looking at being valued at roughly \$40 billion (TheEconomic Times, 2022).

For any start-up to be able to reach as far as BYJU's has, it is arguable that strong growth strategies must be in place. Thus, the following sections of this research paper aim to discuss, analyze and evaluate the different strategies the company implemented to be able to penetrate the market and create such a large name for itself over the last seven years.

The growth strategies of BYJU's

Based on research, it may be concluded that the lead BYJU's has been able to obtain since being founded can be highly attributed to the diversification of their strategies. These said strategies include investing heavily in celebrity endorsements and sponsorships.

Interestingly, BYJU's started by focusing on a direct, feet-on-street approach wherein they recruited executives to go home to home in small cities and sell the company's product. This received a lot of attention as it was unusual from what would be expected of a digital company. However, as per CEO Byju Raveendran "Instead of doing mentoring (pitching to customers) over a call, (our sales representatives) will do it in person, which results in more productivity. This (feet-on-street model) is just a natural extension. Some employees convert 30%, some 50% of their counseling sessions." This project began in Bengaluru before going to Hubballi, Dharwad and Mysore in Karnataka (Vignesh, 2018). This may have been a good approach at the time as it was evidence of the company displaying flexibility and adapting their marketing strategies by understanding the best way in which they could reach potential consumers in the smaller towns. However, this was also a strategy

that was highly disrupted by the pandemic as it restricted the movement of sales representatives. That being said, the other strategies the company have followed may be deemed more 'pandemic-proof' and could thus be recognized as success drivers.

Celebrity endorsements

Celebrities can be famous actors, athletes, singers and models defined as well-known people who are recognized by the public as well as considered role models for society (McCracken, 1989). A few years back, after realizing the influence that celebrities have on consumers, companies started to increasingly invest in using them in their advertising. Since then, many studies have been conducted to be able to investigate the exact impact that celebrity endorsements have on consumers' purchase intentions and product recall. For example, Tripp et al. (1994) found that celebrities positively influence consumer behavior towards a product. Furthermore, Till and Shimp (1998) concluded that advertising campaigns create a successful link between the product and the celebrity which then causes a positive transfer of meaning to the product. Considering these positive aspects of celebrity endorsements, there is also a lot of literature that examines the importance of selecting an appropriate celebrity for a campaign. In doing so, it is advised that the advertiser/market take into account many factors including the acceptance of the celebrity, their relevance, the target consumers' opinion of the celebrity as well as their suitability for the product (McCracken, 1989).

It is true that the success of celebrity endorsements may also differ from country to country and depend heavily on how much influence these individuals have. It goes without saying that India is one of the countries in the world with a very strong celebrity culture. When examining this, for example, an article evidently highlights that most of the population of India seems to be in a one-sided relationship with celebrities that they admire and subsequently wish to emulate them (The National, 2018). In psychology, this phenomenon is known as parasocial relationships and they have frequently been manipulated by big corporations, media enterprises as well as political leaders in the last few years (Vinney, 2021). When talking about actors in India specifically, Bollywood comes to mind immediately as one of the biggest power houses. Of the many actors which have come from this industry, Shahrukh Khan has become a globally recognized persona over the years. Whilst no credible literature exists with regards to why he has received as much fame as he has, an opinion article on BBC highlights how the actor's charm, relatability, sarcasm, and unapologetic behavior is what works with the public (Alluri, 2021).



Shortly after reaching an alleged valuation of \$600 million post a \$30 million series F round, BYJU's signed up the aforementioned actor as its brand ambassador in November 2017 at a cost of INR 3-4 crores annually (Sharma, 2021). Aside from being so greatly admired by the national and international public, the company also saw potential in having Shahrukh Khan promote their products because he himself is a father of three. This being considered, it would be expected that the customers of BYJU's i.e. the parents of children, would create a connection

with Shahrukh Khan from a more parental perspective as opposed to an entirely idolized one. Essentially, parents would be persuaded to sign their children up to the platform on the basis of the mindset that the actor would be promoting the product only if he himself sees the credibility of it for the development of children. Whilst this was an expensive investment, it most likely proved to be a successful one and helped the company receive increased brand awareness and a greater customer base. As per Rohit Ohri, group chairman at creative ad agency FCB India, who has worked with various celebrities including SRK and Amitabh Bachchan, "BYJU's has benefited immensely from its association with Shah Rukh. The association has been so intrinsic and so deep" (Mishra and Bhushan, 2021).

Once again, however, the literature on the negatives of celebrity endorsements does stand true and apply in the case of BYJU's. As per Um (2013), celebrity endorsements could potentially damage a brand's image. In the case of BYJU's and their affiliation with Shahrukh Khan, this was seen in 2021 when the company had to put their advertising campaign with the actor on hold as a result of social media flack which was being received post the actor's son being arrested (Mishra and Bhushan, 2021). Many disgruntled parents took to Twitter and Facebook to make clear how unhappy they were that an actor whose own child was involved in such a high level of controversy was promoting an educational platform like this. Thus, while celebrity endorsements can bring a load of success it is also worth noting that in the age of social media, the risk of having a celebrity associated with one's brand is high and further magnified. In light of the same, it is important for brands to have a mix of other strategies that they can continue to rely on if an event such as this were to arise. Luckily, for BYJU's this was the case and therefore if any sales were lost due to the small hurdle, it may not have proven too difficult for them to recover.

Sponsorships

A sponsorship is essentially a form of marketing wherein a company pays for the right to be associated with a project or program. As part of this, the corporation that is seeking the sponsorship may choose to have their logo and brand name displayed alongside the organization that is undertaking the project - this is to signify that the corporation has provided funding (Kenton, 2019). Sponsorships are most commonly used as a form of building and maintaining brand identity and brand image as it allows for increased visibility. Ultimately, the success of the sponsorship depends on several factors. However, the best corporate sponsorships do tend to involve companies and sponsorees that have some form of a linkage. That being said, even sponsorships between partners that have little relationship to one another may work well if the demographics seem to match.

BYJU's decision to sponsor the Indian cricket team as of September 2019 is a good example of a partnership where both companies share some form of linkage and also have similar demographics (Gollapudi, 2019). For example, the company stated that the main motives behind sponsoring the cricket team was because of the belief that sports provides an unstructured environment which helps in the development and honing of real life skills in children all over the world (ICC, 2022). As a result of this role of sports in the child's growth and development, BYJU's hoped that this collaboration would help inspire millions of young children across the country to dream



big and achieve their goals. Once again, as seen in the case of actors (in the previous section), India is a country which is full of what may be recognized as cricket fanatics. An article by the Economic Times (2018), quotes research conducted by ICC which showed that around 90% of the cricket fans come from the Indian subcontinent alone.

With regards to evaluating this decision, it is one that may definitely have worked in favor of the brand. In fact, a survey that was conducted found that amidst the many sponsoring brands that displayed their adverts between the cricket matches, BYJU's was the most recalled (Tewari, 2020). This implies that the partnership between the cricket team and the ed-tech company has been embedded in the minds of the audience. This is good because it helps the company achieve the target of increased brand awareness which most commonly translates to higher sales. Furthermore, their success with this sponsorship has also enabled them to set course for a much more international partnership in another sport i.e. soccer. In line with this, the company has been named as a sponsor of the FIFA World Cup Qatar 2022 (Reuters, 2022). This is a step in the right direction as it will further enable the company's plan to expand internationally.

Conclusion

Given that having a high level of brand awareness enables a greater understanding, recall and desire for the brand's product, it can be concluded that the marketing strategies of investing in celebrity endorsements and sponsorships has enabled BYJU's growth to a great extent. Furthermore, by diversifying the strategies in place, it may be recognized that the company successfully safeguards itself from any possible problems that may arise from any one of them.

Overall, considering the increased potential for the education technology space post the COVID-19 pandemic, there is most definitely a bright future in place for BYJU's. The groundwork that they have done over the last few years may thus pay off positively for the brand as they move forward.

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