

Impact of Celebrity Endorsement on Brand Image and Customers' Purchase Intention A Case of Pakistani Customers

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Abstract

It is perceived that celebrities influence brand image and purchase decisions of customers. Brands pay high cost to enrich advertisement effectiveness through celebrities so, the brands can create a positive brand image and can maximize their sales. This study is conducted to find either celebrity endorsement influences brand image and purchase intentions or not. The study is conducted in Pakistan and quantitative research methodology is adopted. Data is collected randomly through online survey from 266 respondents and analyzed through OLS. Results shows that brand image and purchase intentions are not influenced by celebrity endorsement. There may be other factors such as quality, price, innovation, design, fashion etc. which may influence brand image and purchase decisions. However, study verifies that brand image influences purchase intention.

Keywords - *Celebrity endorsement, Advertisement effectiveness, Brand image, Purchase intension.*

I. INTRODUCTION

In everyday life different types of media such as electronic, print and social are informing people through pictures and voices. To communicate efficiently and effectively and to attract the consumer each brand makes efforts at its level best but in recent years' customers are becoming more demanding and have many alternative options to be considered/approached therefore it is difficult to satisfy them. The main challenge facing by the producers is not only to attract the consumers but also to convince them to purchase their product. Producers of different brands used different strategies to capture the market.

Advertisement is one of the most effective strategies used by the producers to convince the consumers to purchase their product. According to Bhatti and Fiaz (2016) "advertisements affects individuals from every place through radio, television, newspaper, magazine, hoarding, arcade or shop or outlet to walls of each public building". With the help of advertisement producers create awareness among their customers about their products and it also

formulates customer's positive or negative perception about the particular product. Buying behavior of the consumers particularly depends on the product awareness and perception of quality that consumers seek from the advertisement (Fatima & Lodhi, 2015, p. 125).

Advertising Association of UK define advertisement as a paid mean of communication that is used by the producers to inform customers about their products or services. The main purpose of the advertisement is to influence the viewers to understand the main theme of the product and to purchase a particular product of the company.

In present days, the idea of brand personality plays an important role in the success of different brands. According to Adam and Hussain (2017)" marketers make use of celebrities to endorse their product in order to give their brand advantage and edge over its other competitor" (p. 79).

Brand personality can be defined as a set of human attributes that are associated with a name of the brand and by holding these attributes a brand can increase its brand equity. Without brand personality it is very difficult for a brand to sustain in the market." A brand may not have a human form or real existence but it must have a personality that people can relate to" (Upadhyay, Arora, & Gopal, 2015).

We, as consumers can see thousands of personalities in television commercials, magazines and billboards related to different brands through which producers tries to convey their consumers about what kind of products or services they are providing and also tells them about the different characteristics of their products or services.

In recent times, producers of different brands are ready to invest huge amounts of money to affiliate/associate their products with renowned celebrities as they believe that the celebrity image and reputation will capture the attention of the viewers to the products and services and they can get advantage by adding some more value to their brand image through good repute of the celebrity.

In order to build the image and value to the brand celebrity endorsement is the most useful

technique that can be adopted. It is easy to choose the personality for celebrity endorsement technique but the real challenge is to build the association/bonding between endorsement and the brand. Therefore, celebrity endorsement is to be considered as a double-bladed weapon, proper use of it can add great value to goodwill of the company or improper use of it can damage the brand and company image (Adam & Hussain, 2017).

A. Research Significance

Companies now a days adopt different tricks and tactics to make a product/service sold. One of these tricks is that they are doing massive advertisements to attract a buyer and to make a product differentiate from other in the market. Beside these broadcasting expense, they hire celebrities to influence the buyer. Therefore, there is an intense need to magnify the impact of celebrities. This study is helpful to reach the taste of consumers in advertisement and to assess the impact of celebrity endorsement on brand image and purchase intention in Pakistan where more or less consumption rate of household is 90 percent of GDP.

B. Research Question

- In which kind of advertisement celebrities fit best?
- Which kind of celebrity people of Pakistan like most?
- What is the impact of celebrity endorsement on brand image?
- What is the impact of celebrity endorsement on purchase intention?

II. LITERATURE REVIEW

According to Holmes & Redmond (2010) “Celebrity is key to the way the social world organizes and commodifies its representations, discourses and ideologies, sensations, impressions and fantasies”. “It is a ubiquitously accepted fact that celebrity endorsement can bestow special attributes upon a product or service, that it may have lacked otherwise”. Balakrishnan & Kumar (n.d.) Brand image is the important determinant of consumer perception. Alhaddad (2014) Various studies have conducted before to find out the impact of celebrity endorsement in different demographics.

Sivesan (2013) studied “impact of celebrity endorsement on brand equity”. According to this study celebrity endorsement is a tool of marketing. 123 respondents were taken undertaken the study and results shown that brand equity and celebrity endorsement were positively correlated.

Similarly, J.-S. Wang, Cheng, & Chu (2013) explored relationship between purchase intentions and celebrity endorsement. According to this study not only

celebrity endorsement but appealing statements from celebrities also affect product image. They analyzed 202 responses from regression analysis and found that celebrity endorsement has significant effect on purchase intention.

In addition to the above, F. Wang & Hariandja (2016) examined the brand image and consumer purchase decision influenced by celebrity endorsement in Indonesia. The studied a Korean bakery store chain named Tous Les Jours working in Indonesia. This store hired Kim Soo as brand ambassador. This study included 109 respondents and results were very similar as other studies that there was an influence of Kim Soo as brand ambassador on brand image and purchase behavior.

Furthermore, celebrity source credibility towards the perception of advertisements and brands was studied by Bhatt, Jayswal, & Patel (2016). The author studied three attributes of a celebrity; trustworthiness, attractiveness and expertise to check the impact on advertisement and brands.

A Chinese study conducted by Chan, Leung Ng, & Luk (2013) on impact of celebrity endorsement on brand image. It was a focused group study through interviews from 13-19 years old. And results were very similar like other studies that celebrity endorsement created brand awareness by their different attribute like attractiveness, humor etc.

Research on celebrity endorsement is also conducted in Pakistan. Some of them are discussed here. Malik et al. (2013) studied brand image and advertisement effectiveness in Gujranwala. According to this study brand image gives a push towards buying. Brand image create a positive impact on purchase intention. They studied on 175 respondents and results proved that brand image drives their buying behavior.

Similarly, Ahmed, Seedani, Ahuja, & Paryani (2015) examined influences of celebrity endorsement on buying decisions in Pakistan. 200 students participated as respondents under this study. This study concluded that “celebrities endorsed advertisements are more attractive than the non-endorsed advertisements”. Furthermore, the study also verified like other studies that attributes of a celebrity significantly influence brand perception and buying behavior.

Furthermore, Zafar & Rafique (n.d.) also researched “Impact of Celebrity Advertisement on Customers’ Brand Perception and Purchase Intention” in Pakistan. This study investigated the impact with respect to the attractiveness of a celebrity. Data collected from 103 respondents. And results supported the hypothesis that celebrity endorsement influences the customer perception and purchase intention.

However, Ghani & Kakakhel (2011) conducted a research on effects of endorsement on Pakistani youth. They conducted this research in two

cities Peshawar and Islamabad. 150 students were taken under the study. They found that celebrity endorsement is a source of getting attention in youth but its necessarily does not influence their purchase decision.

A. Hypothesis

- H0A: There is no impact of celebrity endorsement on brand image.
- H0B: There is no impact of celebrity endorsement on purchase intention.

B. Conceptual Framework

Celebrities have different attributes that vary with respect to their importance. Roobina Ohanian (1990) measured celebrity endorsement in terms of expertise, physical attractiveness and trustworthiness. Brand image is a combination of trustworthiness, attraction, uniqueness, valued, updated. Similarly, intention to purchase affects how a person asses the product and the factors those affect its purchase. Mirabi, Akbariyeh, & Tahmasebifard (2015) tested factors affecting purchase intention like quality, price, brand name, packaging and advertisement. In this study we have tested purchase intention with reference to celebrity endorsement from different perspectives which include intention to find, quality, price, innovation, and behavioral impact of a celebrity. Furthermore, this study has also investigated the advertisement interest and most favorite kind celebrity among respondents. Figure 1 demonstrates impact of celebrity endorsement on brand image and intention to purchase.

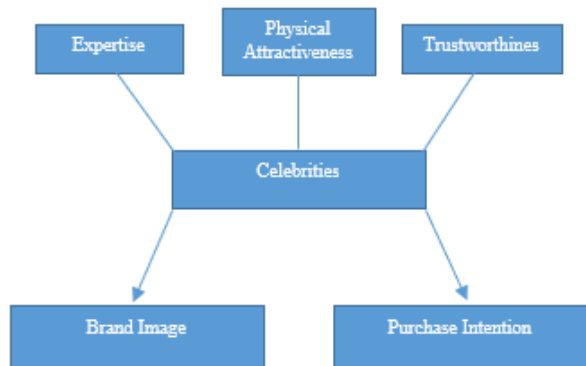


Figure 1: Demonstrating the impact of celebrity endorsement on brand image and purchase intention.

III. RESEARCH METHODOLOGY

Quantitative research methodology is adopted in which survey is developed where celebrity endorsement is measured as defined by Roobina Ohanian (1990). This study is conducted in Pakistan; and online survey is conducted as it is cost and time effective. Data is randomly collected. As this was online survey\ instead

of personally administered, therefore, the most relevant questions were asked to respond to avoid any hesitation/mistrust from the respondents. Data collected and study is conducted on 266 responses. Tool used for data analysis is SPSS and EViews. Data is analyzed through regression, additionally, factor analysis is conducted to check reliability of the scale.

IV. DATA ANALYSIS AND FINDINGS

A. Reliability & Factor Analysis

Reliability of the scale is .678. Furthermore, as per test of KMO sampling adequacy is .789. Total variance explained by scale is 64.07%.

B. Types of Celebrity Endorsed Advisement and Customers' Perception

First research question of the study was descriptive in nature based on kinds of advertisements. Where it was asked that in which kind of advertisement celebrity suits best, and 41% of the responses supported that appealing advertisement celebrities fit best while 31.2 percent responses favored that in social/cultural kind of advertisements celebrities fit best. Table 1 shows descriptive analysis on five types of celebrity endorsed advertisements.

Table 1 Descriptive Analysis: Types of Advertisements and Celebrity Endorsement Preferences

		Frequency	Percent
Valid	Appealing	111	41.7
	Humorist	33	12.4
	Social/Cultural	83	31.2
	Religious	24	9.0
	Comparative	15	5.6
	Total	266	100.0

C. Types of Celebrities and Favorite Among Public

Similarly, second research question was also descriptive in nature and based of kinds of celebrities. According to the results most favorite celebrities are national heroes and film star. 32.3% favored the said kinds. Table 2 shows descriptive analysis on five types of celebrities.

Table 2 Descriptive Analysis: Types of Celebrities and Most Favorite Among Them

		Frequency	Percent
Valid	Cricketer	50	18.8

National Hero	86	32.3
Film Star	86	32.3
Religious Person	26	9.8
Comedian	18	6.8
Total	266	100.0

D. Celebrity Endorsement and Brand Image

Impact of celebrity endorsement on brand image is analyzed by linear regression. Where p value is .7716 that means relationship between celebrity endorsement and brand image is insignificant, (see Table 3). Furthermore, heteroskedasticity is tested by Breusch-Pagan-Godfrey, where p value of chi-square (1) is 0.7679 which means there is no heteroskedasticity in data.

Table 3 Regression Analysis: Celebrity Endorsement and Brand Image

Dependent Variable: BI				
Method: Least Squares				
Date: 10/20/18 Time: 00:16				
Sample: 1 266				
Included observations: 266				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.971079	0.109176	27.21378	0.0000
CE	0.009783	0.033670	0.290554	0.7716

E. Celebrity Endorsement and Purchase References

Impact of celebrity endorsement on purchase behavior is also analyzed by linear regression where p value is 0.2251 that means relationship between the said variables is insignificant, (see Table 4). Similarly, heteroskedasticity is tested by using Breusch-Pagan-Godfrey, where p value of chi-square (1) 0.06, hence data is homoscedastic.

Table 4 Regression Analysis: Celebrity Endorsement and Purchase Intention

Dependent Variable: PI				
Method: Least Squares				
Date: 10/20/18 Time: 00:15				
Sample: 1 266				
Included observations: 266				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	3.038140	0.107017	28.38939	0.0000

CE	-0.040133	0.033005	-1.215979	0.2251
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V. CONCLUSION AND RECOMMENDATIONS

Descriptive statistics show that people like it when celebrities appear in appealing advertisements. Furthermore, national heroes and film stars tend to be most favorite kind or celebrity. So, this study clarifies that advertisement should look for celebrities in case of appealing advertisements. While choosing between different kinds of celebrities, companies should prefer national heroes and film stars over other celebrities.

This study has failed to reject null hypothesis A and B. Which means there is no impact of celebrity endorsement on brand image and purchase behavior that is a clear indicator that there are various other factors which influence brand image and purchase intention it may be technology, quality, user friendliness, price or any other instead of hiring celebrities in advertisements only. Companies need to struggle hard to expand the sales and to overcome these factors and not only focusing on advertisement tactics. Moreover, study has proven the today’s customer wise and attentive enough towards product attributes.

However, additional findings verify previous studies that brand image influences purchase intentions as there is a positive and significant relationship between brand image and purchase intentions. This is also a clear indicator that companies should strive to maintain positive brand image as it can pave the way for expansion of sales and customers.

VI. LIMITATIONS

This study is limited to the Pakistan as no cross the border respondents were invited for the response. Furthermore, this study was not a brand specific. While brand image and purchase intentions vary from product to product. Therefore, it may not be applicable for a specific brand. Third, responses are mostly filled by students, who do not make all the purchases. Therefore, this study may not be applicable for a target audience.

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