

THE EFFECTS OF CELEBRITY ENDORSEMENT ON CONSUMERS' ATTITUDE TOWARDS THE BRAND AND PURCHASING INTENTION

CHAPTER I INTRODUCTION

This introductory chapter aims to present an insight into the research area by briefly discussing the background about celebrity endorsement, significance of the research, objectives, scope, and outline of study.

1.1. Backgrounds

Celebrity endorsement has been established as one of the most popular tools of advertising in recent time. Today, most of the popular brands are being endorsed by a famous personality. It has become a trend and perceived as a winning formula for product marketing and brand building. In Indonesia, most of the brands are endorsed by artist, singers, or young models. It is because celebrity endorsement can arouse public awareness and people's interest both effectively and efficiently. Most organizations use celebrities in their marketing in hopes that it will drive up sales and have a positive effect on profits.

In a market where advertising plays a vital role in coordinating consumer purchases, it becomes pertinent for companies to induct all possible measures to influence, motivate and inculcate desire to purchase in the customer through an effective advertising campaign. Theory and practice proves that the use of

celebrities in advertising generates lot of publicity and attention. Companies invest large sums of money to align their brands and themselves with endorsers. Such endorsers are seen as dynamic with both attractive and likeable qualities and companies plan that these qualities are transferred to products via marketing communications activities. Furthermore, because of their fame, celebrities serve not only to create and maintain attention, but also to achieve high recall rates for marketing communication messages in today's highly cluttered environments.

However it found that 90% of the celebrity endorsement in Asia is done by 1% of the celebrities (Marketing-interactive, 2012). So it is very important to grab consumers' attention and interest among those similar advertisements by using a celebrity who has unique characteristics that can truly arouse consumer's purchase intention.

1.1.1. Situation of Celebrity Endorsement in Indonesia

Since the high frequency of celebrity endorsement in Indonesian advertising strategy, it brought a big interest for author to do more research on the effectiveness of celebrity congruity to its effect to purchase intention. Does consumer perceived their congruity toward the product or the celebrity. In example, Agnes Monica is the endorser of "3" telecommunication provider. She advertises the cheapest blackberry internet service. Agnes Monica is one of the favorite celebrities in Indonesia, and the effect of the marketing buzz for "3" operator service increase into a big level. This phenomenon bring out a curiosity to the author wheter the service "3" telecommunication provider increases the usage of the provider or Agnes Monica who brings the increase of the usage of the

telecommunication provider service. Next, Nicholas Saputra is a part of Indonesian elegant public figure and actor. He is being endorsed by L'Oreal to become brand ambassador. The consume perception towards Nicholas Saputra as endorser of L'Oreal creates a big interest in male cosmetic. From both celebrity endorsement phenomenon, consumer perception toward the advertisement done by the celebrity brought a lot of interest in purchase intention that might affected by consumer congruity towards the celebrity.

On the other hand, there is an interesting point about negative effect of celebrity endorsement. The example of inappropriate celebrity endorsement case that exist in Indonesia is Luna Maya. She is as one of the valuable actress in Indonesia endorsed several brands, such as XL (telecommunication provider), Zestea, Toshiba, and Bata. By those product and brand she endorsed, Bata and Zestea might lead to conflict for Toshiba and XL. In fact, XL and Toshiba is consider as high-class product that exist in Indonesia for Class A and Class B income. However, Bata which their target markets are Class D, Class C income level might bring conflict for Luna Maya as endorser in her reputation. The problem that occur with Toshiba as endorser, Luna Maya can decrease their brand equity and perception. Regarding the Luna Maya's case, the credibility for Luna Maya in endorsing many products may be viewed as less credible endorser.

1.2.Research Questions

- 1) Are there any effects on using celebrity endorsement to consumers' attitude toward the brands?
- 2) Is there any effect between consumers' attitude towards the brand and purchase intention?
- 3) Is there any relationship between trustworthiness, expertise, and attractiveness of celebrity endorsers to consumers?
- 4) Is there any effect of celebrity endorsement on consumer's buying behavior as well as how consumer makes brand preferences?
- 5) Which one is more effective on consumer' brand preference between two different product advertisements which is used same endorsers? (Case of Bunga Citra Lestari and Ashraf Sinclair as endorsers of LUX and LINE Let's Get Rich)

1.3.Objectives

This study will focus on consumers' attitude towards the brand and purchase intention under the effect of celebrity endorsement, especially the effects of source credibility of celebrity endorsement. This study is also examine the effect of celebrity endorsement on consumer's buying behavior as well as how consumer makes brand preferences. Moreover, the relationship between trustworthiness, expertise, and attractiveness of the celebrities and also the congruity between celebrity and brand would be examined. Through the source credibility of celebrity endorsement and celebrity congruence, we will to know the effectiveness of advertisements on different products used same endorsers. As a result, we are

able to understand consumers' preference and perceived difference on celebrity endorsement. Finally, we will recommend some effective strategies to companies who are using celebrity endorsement, so they are able to choose the right celebrity and bring positive effect on consumers' purchase behaviour.

1.4. Scope of Study

The research aims to identify the effects of celebrity endorsement to consumers' attitude towards the brand and the purchase intention in Indonesia. In order to retain the integrity of research and investigate the effects of celebrity endorsement, the questionnaires will be delivered to all consumers who are Indonesian residents.

1.5. Outline of the Study

Chapter I aims to provide insights for the research area by briefly discussing the background, objectives, the scope of study, and the outline of the research. Chapter II aims to provide relevant concepts and detailed literature reviews about celebrity endorsement, source credibility, purchase intention and consumer behaviour, and other related subjects. Chapter III aims to explain in detail the conceptual framework and the methods which will be employed for data collection and analysis. It also aims to develop research hypothesis based on the research topic. Chapter IV aims to illustrate the data analysis and discussions. In Chapter V, it is to discuss findings and limitations, draw conclusion, and make suggestions for future research.