

CHAPTER II

LITERATURE REVIEW

2.1. Introduction

The relevant theories and models were introduced in order to provide insights and deeper understanding about the research topic. Moreover, some relevant research about celebrity endorsement in Indonesia would also be examined.

2.2. Attitude

Attitude is an individual's internal evaluation of an object such as a branded product, and has been an important concept in marketing research since 1960s. Hoyer and MacInnis (1997) define attitude as "relatively global and enduring evaluation of an object, issue, person, or action". Based on Hoyer and MacInnis's definition, attitudes are often considered relatively stable and are enduring predisposition for consumer to behave in particular way (Fishbein and Ajzen, 1975). They should be useful predictors of consumers' behavior towards a product or service (Oskamp, 1999).

Previous studies have referred attitude towards specific dimensions such as attitude towards advertiser (Lutz, 1983), attitude towards advertisement and attitude towards brand (Goldsmith, 2000). The present study is focusing on two of them, which are, attitude towards advertisement and attitude towards brand. The

literature defines attitude toward advertisement as “a predisposition to respond in a favourable or unfavourable manner to a particular advertising stimulus during a particular exposure situation” (Mackenzie, Lutz and Belch, 1986; Biehal, Stephens and Curlo, 1992). Individual’s attitude toward an object can affect his/her attitude toward another object with which it is associated (Hoyer, 1997). Thus, advertisement plays an important role in affecting the consumer’s attitude toward brand, and his/her purchase intention in either direct and/or indirect ways.

Attitude towards brand is a “predisposition to respond in a favourable or unfavourable manner to a particular brand after the advertising stimulus has been shown to the individual” (Phelps and Hoy, 1996). It has been found to play an important role in affecting the consumer’s purchase intention (Goldsmith, 2000; 2002; Gresham and Shimp, 1985; Yi, 1990).

2.3. Purchase Intention

2.3.1. Definition of Purchase Intention

Purchase intention was the probability of consumer to buy a product (Burton, Lichtenstein, Netemeyer and Garretson, 1998). It was also a component of consumer cognitive behavior on how consumer intended to buy a specific product, service or brand (Kwek, 2010). On the other hand, customers’ consideration and expectation in buying a brand were the variables which could be used to measure purchase intention. For example, consumer’s interest, attending, information, and evaluation were the consideration factors which determined purchase intention (Laroche and Zhou, 1996).

Furthermore, consumers' purchase intention was easily affected by many external factors during their decision processes. For instance in the processes of information search, they were easily affected by word-of-mouth and word-of-mouth communication. During the purchase process, their purchase intention would be affected by the product attributes, price, and endorser performance which perceived by consumers (Sheu, 2010). Since consumers' purchase intentions and arousal were easily triggered by the promotion strategies, so their attitude towards the promoted product, service or brand was also easily affected by the popularity and image of the celebrity. Especially when the consumers see the celebrities as reference group, they wanted to imitate them in an effort to feel successful too (Forbes, 2011). As the result, consumers' purchase intention would positively affected by celebrities.

The study of effect on purchase intention was complicated. It is because there were many variables which might have effects on it. Besides, there would be some possible hidden variables which would affect consumers' purchase intention too.

2.4. Celebrity Endorsement

2.4.1. Definition of Celebrity Endorsement

Celebrity was a person whose name could grab public attention, arouse interest, and generate profit from the public (Gupta, 2009). So, the celebrity endorsement was the use of famous people to endorse a particular product, service or brand. Celebrity endorsement was very useful, which could help to gain sales,

increase brand awareness, create positive feelings towards the brand entertain the customers, as well as recall the brand value. In other words, by getting famous people to represent a brand could gain a higher degree of attractiveness, believability, and recall when comparing with those unknown models (Kambitsis, Harahousou, Theodorakis, and Chatzibeis, 2002).

2.4.2. Forms of Celebrity Endorsement

Eshaghpour (2010) mentioned there were certain forms of celebrity endorsement which included print advertising in megazines, television advertising, products used in movies and television programs, photographs of paid celebrities using the endorsed brand product, photographs of unpaid celebrities using the endorsed brand product, mention of luxury brand in music, and naming products after celebrities. The companies should select the form of celebrity endorsement which suit their promotion strategy, budget and brand image the best. So the company was able to reach the target consumers and delivered the marketing message in an efficient way.

2.4.3. Benefits of Celebrity Endorsement

Though celebrity endorsement was expensive, there were many benefits which celebrity endorsement could bring about. So it was still a commonly used strategy. By using the celebrities, the companies were able to gain many benefits (Mcaleer, 2010).

First, it could add instant credibility. Some of the consumers believed that if a celebrity was willing to use a particular product, service, or brand, the company who produced the product or service must have certain degree of high quality.

Second, it could grab instant intention. With celebrities to endorse particular kind of product, service or brand, the consumers' attentions were most likely to be grabbed by the celebrities and willing to pay more attention to watch.

Third, it could enhance media exposure. With celebrities endorsement, the media would report the news about the celebrity who participated in the events. So the companies were able to get free publicity in the newspaper, magazine or TV. Moreover, consumers liked to participate in the events which their favorite celebrities would be involved. It helped to increase brand awareness too. Other side, it could receive superior market presence. Products which were endorsed by celebrities were relatively easier to get in stores and being displayed in good location. Because of consumers' acceptance of the endorsed product, service or brand increased, they were willing to pay for the goods.

Fourth, celebrity endorsement might materially improve the financial returns for the companies who employed celebrities as an investment in the advertising campaigns (Farrell, Karels, Monfort and McClatchey, 2000; Erdogan, 2001).

Fifth, celebrity endorsement strategy was an effective way to differentiate among the similar products in the market. It is because consumers were better able to identify the products by associating with the endorsers (Burroughs and

Feinberg, 1987). But it did not work if the celebrity endorsed had already endorsed several brands of product. Besides, it was a useful strategy when consumers did not perceive many differences among competitors. So the company was able to create differentiation by using celebrity endorsement, especially during the mature stage of the product life cycle (Solomon, 2006).

In conclusion, celebrity endorsement could increase the brand awareness, reach the target market effectively and efficiently, create a positive feeling towards the brand, deliver marketing message, build immediate attention within short period of time and gain a profit. Last but not least, celebrity endorsement had a positive effect on purchase intentions (Karina, 2008). That is why Pringle (2014) argues that celebrity endorsement was one of the most effective ways of establishing a long-running brand building campaign.

2.4.4. Celebrity Endorsement as Reference Group

Reference group was one of the important influences during consumers' pre-purchase evaluation process. Reference group was any person or group of people which could influence individual's behaviour significantly (Bearden and Etzel, 1982). Celebrities, athletes, successful businessmen or performers were one of the reference groups whose consumers did not know but admire, which was aspirational reference groups (Solomon, 2006).

Celebrity endorsers could be interpreted as reference group because consumers would like to be associate with them. They would like to behave in the same manner as the celebrity endorsers because of symbolic meanings. In other

words, celebrity endorsements served as a role model and were able to trigger consumers' feeling like 'It will be nice to look like the celebrity if I use their endorsed fashion brand' or 'I can enhance my image and show the others I look like a star'. As a result celebrity endorsement played an important role in influencing consumers' purchase intention and also buying behaviour.

2.5. Source Credibility

2.5.1. Definition of Source Credibility

Source credibility was the degree to which the receiver would believe the source has certain degree of relevant knowledge or expertise and they choose to believe the information offered by the source (Othanian, 1990). Source credibility was considered as an important factor which might affect consumers' purchase intention and attitude towards advertising (Lutz, MacKenzie and Belch, 1983). The literature identified three dimension as components of source credibility such as trustworthiness, expertise and attractiveness (Baker and Churchill, 1977; Giffin, 1967; Hovland, Janis and Kelley, 1953; Joseph, 1982; Kahle and Homer, 1985; Maddux and Rogers, 1980; Mills and Harvey, 1972).

2.5.2. Source Credibility Model

Ohanian (1990) proposed that the effectiveness of celebrity endorsement very much depends on the endorser's perceived attractiveness and perceived credibility, which are trustworthiness and expertise. So the source credibility was an important construct on this research. As shown in Figure 2.1, the model was

widely used by researchers when they were studying the effectiveness of celebrity endorsement.

| Trustworthiness | Expertise | Attractiveness |
|---|--|---|
| <ul style="list-style-type: none"> •Not Dependable-Dependable •Dishonest-Honest •Unreliable-Reliable •Insincere-Sincere •Untrustworthy-Trustworthy | <ul style="list-style-type: none"> •Not Expert-Expert •Inexperienced-Experienced •Unknowledgeable-Knowledgeable •Unqualified-Qualified •Unskilled-Skilled | <ul style="list-style-type: none"> •Unattractive-Attractive •Not Classy-Classy •Ugly-Beautiful •Plain-Elegant •Not Sexy-Sexy |

Figure 2.1 – 15-points Source Credibility Scale (Ohanian, 1990)

In the model above, there were three main dimensions, which were:

- Trustworthiness, which include not dependable or dependable, dishonest or honest, unreliable or reliable, insincere or sincere, and untrustworthy or trustworthy.
- Expertise, which included not expert or expert, inexperienced or experienced, unknowledgeable or knowledgeable, unqualified or qualified, and unskilled or skilled.
- Attractiveness, which included unattractiveness or attractiveness, not classy or classy, ugly or beautiful (or handsome), plain or elegant, and nor sexy or sexy.

Thus, the above three dimensions were the credibility source of celebrity endorsement. In the model, each dimension had five adjectives along with five sub-scale scores. It was using the semantic, differential scale for measuring individual's concepts to a particular celebrity endorser. According to Ohanian

(1990), name of a specific celebrity endorser would be provided. Next, respondents were required to rate the celebrity endorsers by using the set of provided adjectives. By combining different perspectives, it helped researchers to examine the credibility level of celebrity endorser and effectiveness of celebrity endorsement. Furthermore, it helped to determine the most persuasive dimension which could affect consumers' purchase intention. So this model was very important in this research.

2.5.3. Attractiveness

2.5.3.1. Definition of Attractiveness

Attractiveness was something that could arouse the most people interested. It was not limited to the size of the body, but it encompassed all of one's physical attributes. For example, hair color, facial features, and physical appearance. Moreover, endorser's personality, likeability, similarity to the receiver's perceived social value would also affect the interpretation of attractiveness. Attractiveness of the celebrity endorsers could be affected by individual's thoughts, beliefs, attitudes, and the society (Temple, 2009). Many researches in advertising and communication suggested that physical attractiveness was an important thing in how an individual judge another person at first sight. It is because usually made a better first impression. Because of increasing use of celebrity endorsement, attractiveness became an important dimension of source credibility (Ohanian, 1991).

2.5.3.2. Effects of Attractiveness

Attractiveness endorsers tended to be more easily and effective in product promotion and grabbing consumers' attention (Till and Busler, 1998). Quoting Aristotle, "Beauty is greater recommendation than any letter of introduction." So the highly attractive models and celebrity endorsers were easily linked the source credibility. As a result, consumers believed that physical attractiveness was the most important criteria of source credibility nowadays. Therefore they were commonly featured in mass media and print media, in order to attract consumers' attentions.

On the other hand, attractiveness people had greater influence on the consumers compared to unattractive people. As a result, attractive endorsers were more easily and effectively in product promotion and attracting consumers' attention. As an example from the cosmetics industry was also demanding the celebrity endorsers who were highly attractive and looked beautifully. Researchers found that female consumers who idealized the women in traditional roles were likely to use cosmetics in the pursuit of beauty (Forbes, Jung and Haas, 2006).

2.5.4. Trustworthiness

2.5.4.1. Definition of Trustworthiness

Trustworthiness was the consumer's confidence in the source for providing information in an objective and honest manner (Ohanian, 1991). In other words, if the communicator was perceived as highly trustworthy, the message would be

considered as more persuasive and effective in producing attitude change (Miller and Basehart, 1969). Moreover, the perceived trustworthiness had been shown to produce a greater change than the perceived expertise (McGinnies and Ward, 1980). Trustworthiness was also an important predictor of celebrity endorsement effectiveness.

2.5.4.2. Effects of Trustworthiness

Miller and Basehart (1969) investigated the way that source trustworthiness affected the persuasiveness of the communication. They found that when the communicator was perceived as highly trustworthy, the message was considered as more effective in producing attitude change. As a result, when a person wanted to buy a product, they would consider a good friend trustworthy on most matters. On the other hand, endorsers or sales people often give professional knowledge and opinion on particular kinds of products to consumers than the inexperienced friends do. Harrison-Walker (2001) believed that consumers preferred to trust and to be guided by information from friends' contacts rather than a company's formal promotion mix.

Although celebrities were usually viewed as highly credible and trustworthy, Tripp, Jensen and Carlson (1994) thought that if the celebrities who had already endorsed several kinds of products would be viewed as less credible and trustworthy than those who had endorsed only one product. Furthermore, the celebrities who were blamed for some negative events could have harmful effects on the products they endorse too (Louie and Obermiller, 2002).

2.5.5. Expertise

2.5.5.1. Definition of Expertise

Expertise was the extent to which a communicator was perceived to be source a valid assertion. They usually supported by professional knowledge and skills thus their claims about the product became a factor that increased the persuasiveness to consumers. Some researches believed that the endorser with expertise would be more potent than those only have physical attractiveness (Till and Busler, 1998).

2.5.5.2. Effects of Expertise

Expertise was the person who gave useful and creditable advice or opinion to the consumer. They usually supported by professionals who possessed relevant knowledge and skills. The claims about the product could become a factor that increase the persuasiveness and beyond the effects of trustworthiness, if the celebrity endorsers had professional product knowledge (Silvera and Austad, 2004). According to Miciak and Shanklin (1994), "If a company wants the celebrity endorsers to be seen as credible then the consumers must perceive them to be trustworthy and have the expertise to speak about a product or a service." As a result the consumers could be better influenced by the endorsers to buy the products. Some researchers even believed that the endorser with expertise might be more potent than those only have physical attractiveness (Till and Busler, 1998).

Furthermore, consumers' reactions in response to the recommendations were varied directly with the source's perceived level of expertise and the target person's level of agreement with those recommendation. When consumers exposed to a source perceived as high expert, they would exhibit a higher level of agreement with the source's recommendation than did those exposed to a source with lower level od expertise (Ohanian, 1990). As a result, the level of perceived celebrity expertise could be use to product the effectiveness of celebrity endorser.

2.6. Celebrity-Brand Congruency

The congruence studies have focused into the similarities or correspondence between the product or brand and the celebrity and are popularly known as the "match-up" hypothesis. The celebrity-product congruence hypothesis argues that for an advertisement featuring a celebrity to be effective on the consumers, there should be congruence or 'match-up' between the celebrity and the product advertised. DeSarbo and Harshman (1985) applied a new methodology called Parallel Factor Analysis (PARAF AC) to come up with dimensions of celebrity-brand congruence. Speck, Schumann, and Thompson (1988) found out rather interesting results in their study. They found out that, a product incongruent celebrity may have the same impact on advertisement recall as that of a celebrity who is congruent. Moreover, they also found out that the expertise of the celebrity does not necessarily affect recall.

The match-up studies also have their share of contradictory findings. A content analysis of advertisements published in sports illustrated featuring athlete

endorsers by Jones and Schumann (2000) had findings which go against the match-up hypothesis. Some of the major findings by Jones and Schumann (2000) were female oriented products were being endorsed by male athletes, products unrelated to the sport of a particular celebrity athlete were endorsed by the athlete and a significant proportion of the ads did not have a message which reinforced the connection between the endorser and the product.

2.7. Celebrity Endorsement in Indonesia

Celebrity endorsement is a commonly used strategy for many companies in the world. A succesful endorser can somehow increase the purchase intentions and buying behaviour of a consumers. According to Shimp (2000), about 25 percent of the commercials in the USA would use celebrity endorsers for promotion.

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 affect 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 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.