FACULTY OF TECHNOLOGY MANAGEMENT AND

TECHNOPRENEURSHIP

THE ELEMENTS OF CELEBRITY ENDORSEMENT IN AFFECTING
BRAND LOYALTY OF CONSUMER TOWARDS BRAND OR PRODUCT

This report is submitted in fulfilment of the requirements of Universiti Teknikal Malaysia Melaka (UTeM) for Bachelor Degree of Technology Mangement (High Tech Marketing) with Honours.

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SUPERVISOR'S APPROVAL

'I hereby acknowledge that I have read this thesis and in my opinion, this research is sufficient in terms of scope and quality. This project is submitted to Universiti Teknikal Malaysia Melaka (UTeM) as a requirement for completion and reward of Bachelor Degree of Technology Management (High Technology Marketing) with Honours'.

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Faculty of Technology Management and Technopreneurship

Universiti Teknikal Malaysia (UTeM) Melaka

MAY 2019

DECLARATION

I hereby declare that this thesis "The Elements of Celebrity Endorsement in Affecting Brand Loyalty of Consumer towards Brand or Product" is the result of my own research except as cited in references which I have clarify the resources.

SIGNATURE : ....

NAME : **CHO CHOOI LING**

DATE : ....

DEDICATION

I would like to express my earnest dedication to my beloved family whom have educated me and in giving me a lot of support as well as motivating me and assisting me to complete this research study. I would like to express my dedication to my lecturers and friend who gives me support and encouraged me throughout the whole research. Without their blessings and encouragement, this research would be impossible to complete in such a short period.

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ABSTRACT

The purpose of this quantitative research are to explore on how the elements of celebrity endorsement will be able to affect brand loyalty of a consumer towards brand or product. The effects on variables are closely linked to one another such as how elements of celebrity endorsement (attractiveness, credibility and image congruence) are able to affects brand loyalty of a consumer. The primary data will be collected from roughly 384 consumers which majorly from Selangor state. The data will then be analysed with statistical tool which will be able to reveals how brand loyalty of consumer will be affected by celebrity endorsement. Thus, this research also advances the practical and theoretical understanding of the relationships between the elements of celebrity endorsement in affecting brand loyalty of a consumer.

Keywords: *brand loyalty, celebrity endorsement (attractiveness, credibility, image congruence)*

ABSTRAK

Tujuan kajian keadah kuantitatif ini adalah untuk meneroka bagaimana elemen pengedorsan celebriti dalam menjejaskan kesetiaan jenama pengguna terhadap jenama atau produk. Kesan kepada pemboleh ubah yang berkait rapat dengan bagaimana elemen pengedorsan celebriti (daya penarikan, kredibiliti dan imej kesesuaian) dalam menjejaskan kesetiaan jenama pengguna terhadap jenama atau produk. Data primer akan dikumpul daripada 384 pengguna atau respoenden dari negeri Selangor. Data-data tersebut akan dianalisiskan dengan menggunakan alat statistik. Data tersebut boleh digunakan untuk membuktikan bagaimana kesetiaan jenama pengguna boleh terjejas dengan penggunaan celebriti sebagai pengedorser. Penyelidikan kajian ini akan dapat meluaskan pemahaman praktikal dan teori tentang hubungan kait antara penggunaan celebriti sebagai pengerdorser dalam menjejaskan kesetiaan jenama pengguna terhadap jenama atau produk.

Kata kunci: Kesetiaan pengguna, pengedorsan celebriti (daya penarikan, kredibiliti dan imej kesesuian)

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%   = Percentage

α = Confidence Interval (Alpha)

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CHAPTER 1

INTRODUCTION

1.0 Introduction

This chapter's introduction consists about the discussion of background study of the final year project by researcher. This chapter consists of the background of celebrity endorsement through the elements of physical attractiveness, source trustworthiness and celebrity's image congruence which influences the brand loyalty of a product. At the same time, this quantitative research may help to increase brand loyalty. Further, this chapter also includes the discussion of the background of the study, problem statements, research questions, research objectives, scopes of study, and limitations of study and also importance of research.

1.1   Background of study

Celebrity nowadays plays an important role in everyone's heart especially people of this generation. Celebrity endorsement are widely used all around the world to promote goods and services has become an established marketing approach in many parts of the world. With the rapid invasion of electronic communication media in almost every home in the recent years, the growth of celebrities has become even more popular. Famous endorsers appear in approximately 30 percent of all genres of television commercials to boost and promote different products and brands. Based on and data shows that roughly 10 percent of advertisers' budget are spent on employing celebrities (White, Goddard, & Wilbur, 2009). Celebrity endorsement have also been widely related with brand loyalty of a consumer.

The importance of celebrity endorsement has been well recognized and well been prioritized in the modern day marketing and have become a major feature of modern day marketing, which can be proved by the amount of money invested in celebrity endorsement (McCracken, 1989; Keller, 2008). A celebrity endorser is "any individual who enjoys public recognition and who uses this recognition on behalf of a consumer good by appearing with it in an advertisement" (McCracken, 1989, p. 310). The definition of the term celebrity has expanded a lot in current context. In previous time, mostly a movie star, TV star or a singer are labelled as celebrity, but in real and current context, any individual whom is successful and have great contribution to the society can be attributed into the group of celebrity (McCracken, 1989).

Further on, Bergkvist and Zhou (2016) has also made a definition of celebrity endorsement based on McCracken's (1989) which is "a celebrity endorsement is an agreement between an individual who enjoys public recognition (a celebrity) and an entity (i.e. a brand) to use the celebrity for the purpose of promoting the entity" (Bergkvist, & Zhou, 2016, p. 644). While in previous research, it have familiarly discuss about how celebrity endorsement has makes impact on advertising effectiveness, brand awareness, brand recall, buying intentions and buying behaviour (Spry, Pappu, & Cornwell, 2011). But there are not much studies which examine how the elements of celebrity endorsement are able to instil brand loyalty of a product.

Due to the rapid growth of celebrity endorsement in the marketing field, researcher have taken this opportunity to study further on how the elements of celebrity endorsement affects brand loyalty of a product.

1.2 Problem Statement

In this modern world right now, celebrities' plays an important role in everyone's heart as celebrity endorsement has become one of the most employed strategies in promoting a product or a service. This is because celebrities are well-known therefore; they will make the product that is being endorsed more noticeable. In some previous study, the importance of celebrity endorsement have been highlighted regarding how celebrity endorsement has makes impact on advertising effectiveness, brand awareness, brand recall, buying intentions and buying behaviour (Spry, Pappu & Cornwell, 2011) but there aren't much study regarding how celebrity endorsement affects brand loyalty.

As according to Kok Wei and Li (2013), people tend to react more positive towards endorsement by celebrity, especially when the celebrity is attractive and fascinating. Consumer will then have a positive and better approach towards the endorsement by the endorser (Kok Wei & Li, 2013). It is important to choose the celebrity with the appropriate attributes in order to promote the product successfully. This have proven that the elements of celebrity endorsement are important in affecting the brand loyalty of a product.

The celebrity endorser criteria are from the customers' perspective (Saaksjarvi et al, 2016). As there are uncertainty with different feedbacks which may instil different perspective of a brand, especially brand loyalty. Hence, through this study, researcher are able to highlight more on how the elements of celebrity endorsement will affects the brand loyalty of a product.

1.3 Research Questions

The research questions are important in the studies as it helps to emphasize the importance of the research and well as a footprint of research. The research questions which are developed for this research are such as:

1) What are the elements of celebrity endorsement which affects brand loyalty?
2) How does the elements of celebrity endorsement affect the level of brand loyalty?
3) What are the most effective elements of celebrity endorsement in affecting brand loyalty of a product?

1.4 Research Objectives

Research objectives are developed as a guideline for the whole research. The research objectives are:

1) To identify the elements of celebrity endorsement which affects brand loyalty.
2) To study the elements of celebrity endorsement affecting the level of brand loyalty.
3) To identify the most effective elements of celebrity endorsement in affecting brand loyalty of a product.

1.5   Scope of study

This research explore about the relationship between elements of celebrity endorsement with the level of brand loyalty among consumers. The importance of elements of celebrity endorsement in affecting the brand loyalty are the main scope of the study. The scope of study are then made smaller as the findings will be selected roughly 384 respondents only based on Krejcie and Morgan Table.

1.6   Limitations of study

The limitations of the study is the characteristics of methodology that will affects the application of the result of the study. This characteristics cannot been controlled by the researcher which is the restrictive weaknesses of the study. In this study, the respondents chosen are based on random sampling which may have resulted a lot of different results. Next, it is difficult for the researcher to search for the secondary sources about this study effectively. As most of the articles and journals need to be paid if wanted to be assessed. As the researcher is still a student, hence the researcher have limited financial resources to access to the articles and journals. Other than that, the time constraint to complete the Final Year Project is very limited due to researcher have to complete other subject's assignments. If the time range given are longer, perhaps researcher will have enough time to get a better result. Lastly, the issue such as honesty in answering the questionnaires given are beyond the control of the researcher.

1.7   Significance of study

The significance of research is the reason for the research to be carried out. This study is carried out to study about how elements of celebrity endorsement affects the brand loyalty. The result could help marketers to understand the importance of celebrity endorsement which will impact on brand loyalty. This result can help the marketing field to improve their marketing strategies by utilizing celebrity endorsement as their promotion method mainly. This will enable big companies to boost their sales and improve their strategies of selling their product more effectively as well as enable them to sustain in the market with the celebrity's endorsement credibility. Consumers will then have better affection and attraction towards the brand of product as their favourite celebrity endorse the product, as well as building a better liking towards the product. Lastly, this study will help a lot of people to know the importance of celebrity endorsement and what it can result to.

1.8   Importance of research

As there are a lot of research regarding celebrity endorsement have been highlighted on how celebrity endorsement has makes impact on advertising effectiveness, brand awareness, buying intentions and buying behaviour but there aren't much study regarding how celebrity endorsement affects brand loyalty. Thus, researcher are curious on how celebrity endorsement are able to affect brand loyalty of a consumer and how it is able to instil brand loyalty on a consumer. Hence, researcher would like to find out more on how celebrity endorsement may affect brand loyalty. Researcher would also like to help to leave remark on how celebrity endorsement are able to help to improve the marketing strategies of a company or entity.

1.9   Summary

Overall in this chapter, background of study and problem statements of this study are discussed by researcher. Research questions and research objectives are also able to be determined through the result from the findings from the problem statement. Other than that, scope of study, significance of the study and the limitations of this study as well as importance of research have been discussed by researcher.