

## The Impact of Celebrity Endorsement and Customer Perception on Customer Buying Behaviour

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### Abstract

This study adopted a positivist research paradigm (Descriptive quantitative design) to analyze the impact of celebrity endorsement and customer perception on customer buying behaviour in the Kumasi metropolis of Ghana in more inclusive way. Both primary and secondary data were gathered for the

study. Structured questionnaires were randomly administered to 500 consumers of alcoholic beverages in the Kumasi Metropolis of Ghana. Cronbach's Alpha Test of validity was conducted to test the instrument used in gathering primary data. The data were analyzed using Predictive Analytic Software (PASW). The results were presented using regression, correlation and frequencies. The regression results showed that taking all factors in to account (customer perception and celebrity endorsement) constant at zero; customer buying behaviour will be 0.220 (22%). The results further shows that taking other independent variable (Celebrity Endorsement) at zero, a unite increase in customer perception will result in 0.348 (34.8%) increase in customer buying behaviour. The finding again shows that; a unite change in celebrity endorsement will lead to .0632 (63.2%) increase in customer buying behaviour. The correlation results further reveals that celebrity endorsement has a strong positive and significant relationship with on customer buying behaviour. Furtherance, 1% increase in celebrity endorsement brings 57.2% (0.756<sup>2</sup>)variance in the consumer buying behaviour. Moreover, customer perception has a significant but a weak positive relationship with customer buying behaviour. Thus 1% change in customer perception brings 46.9% (0.685<sup>2</sup>)variance in the customer buying behaviour. Hence, marketers must be very strategic when selecting any celebrity for a product or service endorsement. Beside, public perception on the celebrity must be considered. Moreover, marketers are advised to develop and sustain optimum customer perception as it gives the customers more confidence to patronize in the product or the service.

**Keywords:** Celebrity Endorsement, Customer Buying Behaviour, Customer Perception.

## Introduction

Endorsement of a brand from a celebrity has the efficacy to imprint a brand's name and awareness in the minds of the customer. Hence celebrities can be used as a powerful tool to escalate unique selling proposition in an unprecedented manner. In simplicity, celebrities can be used as the means in making a brand to take over a market. A consumer that observes messages for two different firm's products, one product's message containing a celebrity endorsed and the other not believes the celebrity endorsed product will have more purchases and so be of higher value. The best frequently entities identified in the branding industry, which in general integrates image branding are Values, colours, name, symbols, words and slogans. Consistency should be affirmed as task for every customary organization for a favorable branding image as argued by (Chin and Huang, 2009; Blackwell et al., 2006; Goldsmith et al., 2006; Kotler et al., 2005; McDonald et al., 2000)

The power of brand is thus firming by the consistency of the distinct brand uniqueness constituents. Tenacious effort is required by brand management and employees for a brand to flourish, advancing and evolving. A brand requires be leading and emerging, or else its power will be in vacuum. It was further argued that, for a brand to be strong, it requires to have more than just attractive campaign (McDonald et al., 2000).

The efficacy of advertisement is been effect by celebrities and average persons. In this thesis he, looks out for the efficacy of celebrities on advertisement using analysis of multivariate. The result reveals a high correlation between celebrities and advertisement on Milk, believability, knowledge, appearance and purchase intention. Other studies also found significant correlation between Pepsi – Cola and advertising believability and purchase intentions. Correlation between Celebrity appearance, knowledge, liking, credibility and advertising believability of the celebrity were also high. Liking for the celebrity and advertising believability were both correlated with purchase intentions Malik et al., 2014; Ackerberg, 202003; Mela et al. 1997; Aaker, 1996)

For advertising execution that involves non-celebrities, the analysis indicates that appearance, credibility and knowledge were highly correlated with advertising believability. Advertisers therefore require being vigilant when using celebrity advertising since they are not believable in certain instances and therefore may not deliver the intended effect. This is undoubtedly true of those celebrities who are appreciated as endorsing most types of products across a globe.

It would realize that for some categories of products, street advertising might be as effective if not more so than those that use celebrities (Goldsmith et al., 2006). The efficacy of appreciating a celebrity to approve a firm's product can be achieved by toning the appearance of the celebrity with the personality of the product and the authentic and the preferred self-principle of the target market. Celebrity endorsement through a TV commercial in Ghana attracts a very high preference for the product. It is against this background that this study was conducted to ascertain the impact of celebrity endorsement, customer perception on customer buying behaviour in the Kumasi metropolis of Ghana.

## Literature Review

### Concept of Celebrity Endorsement

The term celebrity has been variously defined (Chin and Huang, 2009; Goldsmith et al., 2006; Kotler et al., 2005; McDonald et al., 2000). In many instances the term is used to refer to an individual who is known to the general public, in the area of actor, sport, entertainment and others of the like for his or her achievement in areas other than that of the product class endorsed. These authors believed that messages delivered by none celebrities are not usually remembered as compare to the celebrities. They again noted that the common knowledge among the advertisers is advertising through celebrities in their message delivery. They believe that celebrities provide higher degree of appeal, attention and possibly their message delivered are recalled than none celebrities. It was recalled that credibility of claims was as impact of celebrities as claimed by marketers. It is revealed that increase in the

memorability of message of celebrities was as result of positive impact celebrities have generally on customer in regards to brand. The use of influential people is common phenomenon in television and print advertising, with physically appealing communicators having demonstrated to be much fruitful in influencing customer's behaviour and common knowledge than unattractive proxies (Goldsmith et al., 2006; Kotler et al., 2005; McDonald et al., 2000).

### **Customer Buying Behaviour**

Researchers have continued to define consumer buying behavior in more intrusive ways (Chin and Huang, 2009; Goldsmith et al., 2006; Kotler et al., 2005; McDonald et al., 2000). As asserted by Mela et al. (1997) cited in Malik et al. (2014) customer behavior include the way individuals, households and organizations make decision to buy a particular product using the resource, time, money and effort at their disposal. They posited that consumer behavior involves a chain of activities and processes including choosing, buying, using of and disposal of the product, service, idea or experience. Consumer behavior has a significant bearing on determining the commercial health of a firm hence the need to study it. That is, the preference of consumers determine where (wholesalers and retailers), when (time) and how much to buy (the volume or quantity) and these variables directly or indirectly shows companies that will survive and those that will not. Again, understanding consumer buying behaviour aids organizations to make a strategic decision in response to their actions to favor them. For instance, a product can be made to meet the specification of consumer to ensure repeat buying. Moreover, understanding consumer behaviour solidifies organizations' market base and it's known that most successful businesses are 'consumer centric'; giving more attention, priority and value to the customer hence the popular phrase "the consumer is king. (Kotler et al., 2005; McDonald et al., 2000; Aaker, 1991)

### **Customer Perception**

Branding is indispensable to the success of every organization whether small or big, retail or wholesale. Proper branding influence the buying decision of consumers hence the need for organizations to understand the decision making process of consumers and incorporate it to gain a competitive edge. There is an invisible chain of process that consumers go through either deliberately or not to determine what product to buy, where to buy it and how much to buy. This chain of process include; product requirement, information seeking, identification and comparing substitutes to decide which brand to buy (Keller, 2008, Aaker, 1991; Kamins & Mark, 1991; Zeithaml, 1988).

It is therefore imperative for marketers to identify these variables and design strategies to offer value to the customer. Brand is made up of three elements; name, symbol and design. Brands vary in relation to the power and value they possess at the open market and powerful brands leaves unforgettable rings in the minds of consumers. While some brands are easily forgotten by customers, others leave a lasting memory in the minds of consumers. Brands that are not easily forgotten have a wide range of popularity and acceptance among the masses. Loyalty is developed among consumers when they have developed strong taste for a particular product and buys it all the time. Symbols and designs also add value to a product and some consumers buy a particular product due to the unique design and symbol of a brand to satisfy their status or self-esteem in society. Brand names define the totality of a product to the consumer, giving him what the product is all about. These brands tend to present the emotions, feelings, knowledge and experiences of the consumer in a more tangible way. Due to this, consumers spend less to identify the particular product they want. The loyalty of consumers towards a particular brand increases its market value. Loyalty and trust for a brand leads to repeat purchase and eventually the company becoming a market leader, (Aaker, 1996).

### **Celebrities Endorsement, Customer Perception and Customer Buying Behaviour**

Several studies have established that there exist a relationship between celebrity's endorsement, and customer buying behaviour. The study will consider a third variable which is customer perception

Previous study revealed that crusades involving celebrities are believed to bring more positive results if they are properly integrated than traditional non-integrated crusades. In order to discover what advertising agency managers think about integrating campaigns involving celebrities, they were asked to give their opinions on the issue. Traditional elucidations of celebrity endorsement persuasion effects are based on the source effects literature and find that celebrity endorsement increases the attention paid to an advert (Goldsmith et al., 2006; Kotler et al., 2005).

Celebrities are generally gorgeous, which helps persuasion when consumers are worried about social acceptance and others' opinions or when the product is attractiveness-related celebrities may be credible sources if they have expertise in a particular area, such as an athlete endorsing shoes or a beautiful model endorsing make-up celebrities are often well-liked, possibly leading to identification and consumer persuasion in an attempt to seek some type of relationship with the celebrity (Chin and Huang, 2009; Goldsmith et al., 2006; Kotler et al., 2005; McDonald et al., 2000)

In traditional dual process models celebrities are most often considered a peripheral cue: they are important in persuasion only when consumers are not involved in the product category or in processing. Notwithstanding, celebrities may provide central information when an aspect of the celebrity matches the product (as with beauty products and attractiveness). Also, as affective peripheral cues, celebrity endorsements may lead media weight to have an impact on sales in mature categories. The company makes use of the celebrity's characteristics and qualities to establish an analogy with the products specialties with an aim to position them in the minds of the target consumers.

The fruitful brands required to pursued consumer that they may bear a distinct appearance and value from other competitive products. True reflection characteristics of brands and it potential have been proving to consumers. Previous studies further indicated that celebrities are featured in 15 percent of the prime-time television commercials. The use of famous persons promoting for companies has currently become a development and apparent winning prescription of corporate image building and product marketing (Keller, 2008; Goldsmith et al., 2006; Kotler et al., 2005; Kamins & Mark, 1991; Aaker, 1991). From the empirical review presented herein, have revealed that celebrity endowments have dual out come on the product or service they seek to promote. In some instance they are perceived as influential and non-influential in other instances. These variations among advertisers and researcher's regarding celebrity's capability suggest further research in this field to unlock the celebrity myth.

## Methodology

This paper adopted the positivist paradigm (quantitative approach) in order to critically analyze the impact of celebrity endorsement, customer perception on customer buying behaviour in the Kumasi metropolis of Ghana in more inclusive ways. Both primary and secondary data were gathered for the study. Primary data were gathered through structured questionnaires which were randomly administered to 500 consumers of Alcoholic beverages. The results were presented in two sections; demographic section and subjective section. The demographic section considered variables such as age, gender, education and religion. The other section consisted of customer perception, celerity endorsement and customer buying behaviour. The data were analyzed with the aid of Predictive Analytic Software (PASW). Reliability and validity were also given prominence in this paper. The regression model specifications were given as follows:  $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \epsilon$

Where!  $Y$ = Customer Buying Behaviour,  $\beta_1X_1$  = Customer Perception  $\beta_2X_2$  = Celebrity Endowment. The study therefore hypothesizes as follows:  $H_0$  there is no significant relationship between customer perception, celebrity and customer buying behaviour.

## Findings and Results

### Demographics

**Table 1**, revealed 69% males and 31% females. Regarding age, 38% were 18 and below years, 31% were between the ages of 19-25, 18.6 % were between the age of 26-30 and 12.4 % were between 31-40 and above years. Regarding the respondents education, 30% had completed Bachelor Degree or High National Diploma, 28.2% had completed Senior High School, 19% had primary education and finally 5.2% had no form of formal education. Religious wise, majority 39% were Christians, 30% were Muslims, 18.6% and 12.4% respectively were Traditionalists and other believers.

**Table1: Demographics**

Variables	No. of Respondents (N=500)	Percent (%=100)
<b>Gender</b>	<b>(n=500)</b>	
Male	346	69.0
Female	154	31.0
<b>Age</b>	<b>(n=500)</b>	
Below 18	190	38.0
19-25years	154	31.0
26-30years	94	18.6
31-40 years	62	12.4
<b>Educational level</b>	<b>(n=500)</b>	
No education	26	5.2
Primary education	95	19.0
SHS	141	28.2
Bachelor/ HND	153	30.6
Master student	85	17.0
<b>Religion</b>	<b>(n=500)</b>	
Christianity	192	39.0
Islamic	153	30.0
Traditionalist	93	18.6
Others (specify)	62	12.4

Source: Field survey, 2016

**Table: 2 Correlations**

		Customer buying behaviour	Celebrity endorsement	Customer perception
Customer buying behaviour	Pearson Correlation	1	.756**	.685**
	Sig. (2-tailed)		.000	.000
	N	500	500	500
Celebrity endorsement	Pearson Correlation	.756**	1	.481**
	Sig. (2-tailed)	.000		.000
	N	500	500	500
Customer perception	Pearson Correlation	.685**	.481**	1
	Sig. (2-tailed)	.000	.000	
	N	500	500	500

\*\* . Correlation is significant at the 0.01 level (2-tailed).

The correlation table shows that there is a strong and significant positive relationship between celebrity endorsement and customer buying behaviour ( $r=0.756$ ). Moreover, the table further revealed a positive and significant relationship between customer perception and customer buying behaviour. This implies that 1% increase in celebrity endorsement brings 57.2% ( $0.756^2$ ) variance in the consumer buying behaviour and 1% change in customer perception brings 0.685<sup>2</sup> variance in the customer buying behaviour which equals to 46.9%.

**Table 3: Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.840 <sup>a</sup>	.706	.704	.45518	2.436

a. Predictors: (Constant), Celebrity endorsement, Customer perception

b. Dependent Variable: Customer buying behaviour

The model summary table illustrates the summary of the overall model results. The r square ( $r^2$ ) explain the total variation in the customer buying behaviour (dependent variable) due to impact of the customer perception and celebrity endorsement (independents variables). The results depict that 70.6% influence on customer buying behaviour are due to customer perception and celebrity endorsement, which shows strong relationship among the variables. Moreover, Durbin Watson was calculated to observe the kind of correlation among the variables under study either positive, negative or zero. The value of Durbin Watson recorded 2.44 which show that there is a strong positive correlation between the variables.

**Table 4: ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	246.777	2	123.388	595.535	.000 <sup>b</sup>
	Residual	102.973	497	.207		
	Total	349.750	499			

a. Dependent Variable: Customer buying behaviour

b. Predictors: (Constant), Celebrity endorsement, Customer perception

The ANOVA table indicates that the model significance level is 0.000 which is less than Alpha value of 0.05. This implies that the model is acceptable and shows strong influence of celebrity endorsement and customer perception on customer buying behaviour.

**Table: 5 Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	.220	.114		1.936	.053		
1 Customer perception	.348	.023	.418	15.073	.000	.768	1.301
Celebrity endorsement	.632	.032	.554	19.963	.000	.768	1.301

a. Dependent Variable: Customer buying behaviour

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \varepsilon$$

$$Y = 0.220 + 0.348 X_1 + 0.632 X_2$$

The above regression equation was established that taking all factors in to account (customer perception and celebrity endorsement) constant at zero; customer buying behaviour will be 0.220. The results further shows that taking other independent variable (Celebrity Endorsement) at zero, a unite increase in customer perception will result in 0.348 (34.8%) increase in customer buying behaviour. The finding again shows that; a unite change in celebrity endorsement will lead to .0632 (63.2%) increase in customer buying behaviour. The  $\beta$  values show the effects of celebrity endorsement and customer perception on customer buying behaviour. This implies that the  $\beta$  shows the effects of the independents variables on the dependent valuations. The results indicate that customer perception has strong influence on customer buying behaviour with  $\beta$  value of 0.418. This can be explained that 41.8% variation in consumer buying is due to customer perception which is significant at 0.000. The other influential variable is celebrity endorsement with  $\beta$  value of 0.554 which is also significant at 0.0000. That is both H1 and H2 are supported they both have significant influence on customer buying behaviour (dependent variable). The regression analysis also factored in Variance Inflationary Factor (VIF) as illustrated by collinearity statistics to determine whether multicollinearity was a major concern in this model. The VIF scores less than three (VIF = 1.3 < 3) which is an indication that multicollinearity was not major concern.

## Discussions and Conclusions

The general objective of this study was to critically assess the impact of celerity endorsement and customer perception on customer buying behaviour. Deploying a cross sectional survey and questionnaires based technique; a whopping 500 consumers of alcohol beverages were randomly selected from Kumasi metropolis for the study. The results revealed that both celebrity endorsement and customer perception are determinants of customer buying behaviour since both have significant and positive impact on customer behaviour. The regression results show that taking all factors in to account (customer perception and celebrity endorsement) constant at zero; customer buying behaviour will be 0.220 (22%). The results further shows that taking other independent variable (Celebrity Endorsement) at zero, a unite increase in customer perception will result in 0.348 (34.8%) increase in customer buying behaviour. The finding again shows that; a unite change in celebrity endorsement will lead to .0632 (63.2%) increase in customer buying behaviour. From the above it can be concluded that quality celebrity endorsement and positive customer perception can play vital role in the improving customer buying behaviour. Therefore there null hypothesis is rejected and the alternative hypothesis is sustained that there is a significant relationship between customers perception, celebrity endorsement and customer buying behaviour.

These findings are in consonance with the work of Malik *et al.* (2014) who conducted similar study in the Punjab province of Pakistan but focused on advertisement and customer perception effects on customer buying behaviour. More so, the results corroborate with Miciak, & Shanklin (1994) and McDonald *et al.* (2001). It is suggested that future research be conducted in different settings since the present study concentrated in Kumasi Metropolis of Ghana. Beside, this study adopted quantitative design and deductive approach, future researchers should therefore consider qualitative and inductive approach since time and financial constraints did not permit the researchers cover more than one region out of the ten.

In conclusion this study has provided a broader insight on how effective celebrity endorsement and positive customer perception influence the customer buying behaviour. The correlation shows that 1% increase in celebrity endorsement brings 57.2% ( $0.756^2$ ) variance in the consumer buying behaviour and 1% change in customer perception brings 46.9% ( $0.685^2$ ) variance in the customer buying behaviour. Hence marketers should work harder in selecting and choosing the right celebrity to endorse their brands. Moreover, advertisers are advised to develop and sustain optimum customer perception as it gives the customers more confidence to patronize in the product or the service.

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