

CHAPTER I

INTRODUCTION

A. Research Background

Advertisers want to reach consumers with useful, life-enriching communications about their products, but choosing the right media to carry their messages is no longer easy. This is because the media environment is too cluttered. Clutter is a state or condition of confusion or disorderliness (Muda, Musa and Putit, 2011). Any advertiser's message is easily lost amid the confusion caused by consumers being inundated by one advertisement after another. It is common belief that consumers will be immune to advertising as a normal outcome of saturation of marketing messages. The information overload will pose a big dilemma to advertisers, especially those working with a limited budget. Companies' expectations have also increased as competition in the marketplace has increased. Advertisers are held more accountable for the advertising dollars spent. They are expected not just to attract the attention of consumers, but also to transform the attention into favourable attitudes and purchase action.

The usage of advertisement has experienced a big change in the last 150 years, from the classic to the modern era. In modern times, marketers develop strategies using various comparisons such as sex, humour, emotional, etc. (Majdi and Basamalah, 2012). To be effective, advertisers must find a unique way to break through the ad clutter and provide the audience with sufficient motivation to pay attention and engage in higher order processing of ad messages. One of the popular strategies of creatively breaking through the clutter is by using celebrities to endorse the company's brand in the advertisement. Celebrities are popular people who have been found to be highly effective in product promotion.

A celebrity is someone who is well known and popular. Celebrities have become famous for more than being in the movies or on a television show; they appear on the covers of magazines, they endorse products they may or may not

use, and they have started to design their own lines of clothing, perfume and accessories. According to Chavda and Sethi (2013), celebrities increase your odds of getting attention, make the copy more memorable, humanize the company, add glamour to the product, and make it more desirable, credible and trusted. Dzisah and Ocloo (2013) state that celebrities tend to create a greater effect on consumer buying behaviour. They also further state that celebrity endorsements are a feature of modern marketing. Celebrities are used in advertising not just to attract attention of the audience but also to increase message persuasiveness, thereby enhancing advertising effectiveness (Muda, Musa and Putit, 2011). Celebrities can make people take notice of what they are endorsing and create an immediate identity or persona for a product (Chavda and Sethi, 2013). A celebrity endorser is someone who enjoys public recognition and who uses that recognition on behalf of a consumer good by appearing with it in an advertisement (Choi and Rifon (2012)).

There are many benefits of using celebrity endorsement. As mentioned before, celebrities can help advertisements stand out from the surrounding media clutter, thus improving communicative ability by cutting through excess noise in the communication process (Muda et al., 2011). This can be called as advantage because celebrity endorsement will make the product more unique than others. In another way, celebrities can attract consumer attention and new product introduction, marketers and advertisers are forced to use attention-grabbing media stars. The use of celebrity endorsers may help by creating and maintaining consumer attention to advertisements (Muda et al., 2011). Many studies have also shown that celebrity endorsers favourably influence important advertising effectiveness measures such as attitudes toward the advertisement, brand and purchase intention (Muda et al., 2011).

In terms of consumer satisfaction after buying a product that involves celebrity endorsers, the consumers are willing to pay a higher price for a premium product of a high quality simply because the celebrity endorser has a more

positive image and is more well-respected (Balakrishan, & Shalini Kumar, 2011). The ability to buy is still directly dependent on the consumer's lifestyle, preferences, budget, etc. However, it is indirectly influenced by the endorser to buy a particular product (Balakrishan, & Shalini Kumar, 2011). Celebrity endorsers are well used in situations involving high psychological and social risks, such as acceptance by others, self-image purposes, etc. (Balakrishan, & Shalini Kumar, 2011). When the endorser is well liked by the general public, even though there is a mismatch between the brand's attributes, it still creates credibility for both the brand and the endorser (Hung, Chan, Tse, 2011). Ultimately, the satisfaction boils down to two aspects: entertainment-based motivation (admiration towards a celebrity, knowledge about the celebrity in general, would have a problem with multiple endorsements of brands) and intense attachment (think that they are connected personally with the endorser, would not mind the endorser endorsing multiple brands, experience the feelings of the endorser (Balakrishan, & Shalini Kumar, 2011).

Now, we will look into the negative effects of celebrity endorsements and why it is risky for companies and consumers alike. There is the vampire effect, which is the effect of a celebrity overshadowing the brand (Francis and Yazdanifard, 2013). This may cause a breakdown in the effective communication of a product being advertised towards the consumer simply because consumers are more attracted to celebrities, if the celebrity in particular has more star value than the product being endorsed by the celebrity (Francis and Yazdanifard, 2013). There is also a risk of companies incurring a higher cost to rope in a celebrity for the advertising, and this can lead to a decrease in sales revenue and even the celebrity endorsers themselves switching to a rival brand, which is detrimental to the company (Francis and Yazdanifard, 2013). The negative publicity of the celebrities will greatly reduce the brand equity of the product, since the companies do not control the celebrities' private lives, and this can be a risky situation for brands to come out of, especially newer brands that are looking to stamp their

mark (Francis and Yazdanifard, 2013). Consumers will also feel that the relationship with the brands and the celebrity will be blurred, thus the value of the celebrity will be compromised and the focus will be more on the compensation of the celebrity generosity rather than the attributes of the product (Francis and Yazdanifard, 2013). Furthermore, when celebrities themselves are paid to endorse a product by a company, he or she might or might not have used those products before (Francis and Yazdanifard, 2013). Consumers will see whether these celebrities have actually tested the product before, as they do not actually consider this as an important factor in buying the product.

JKT 48 is an Indonesian idol group whose name derived from its base city of Jakarta and the Japanese idol group AKB 48. Formed in 2011, it is the first AKB 48 sister group outside of Japan and adopts the concept of “idol you can meet”. People who love JKT 48 can attend their daily performances at the group’s theater, which is located in Jakarta. JKT 48 is billed as a “unique idol group with Indonesian culture”. The President of the group’s agent Dentsu Media Group Indonesia believes this idol group will make the group more down to earth, always be nice, and able to be greeted anytime. JKT 48 is known by children, teenagers, and also adults. People know JKT 48 because the amount of members in JKT 48 whenever they perform. Almost all of the people in Indonesia know JKT 48 because they are popular now.

JKT 48 also appears in television shows almost daily for television advertisements. Two of the advertisements are Pocari Sweat from Otsuka Pharmaceutical and Yamaha Mio J from Yamaha Motor Company. Both products have a different type of segment. Pocari Sweat is a popular Japanese soft drink and sports drink. It is a mild-tasting, relatively light, non – carbonated sweet beverage and is advertised as an “ion supply drink”. The price of the Pocari Sweat itself is cheap and it is easy to purchase in every mini market and hypermarket. Yamaha Mio J is a scooter with a CVT transmission made by Yamaha Motor Company. This product comes with a sporty design and seems more energetic. In

addition, Yamaha also pinned some of the latest features that make this Yamaha scooter look more modern. As shown on its design, the new appearance is more cool and more modern. The price of the Yamaha Mio J is obviously much more expensive than Pocari Sweat.

Since there are so many people in Indonesia who know JKT 48, and they are famous on television, the writer wants to know whether JKT 48 has an effect on purchase intention of the customer. This is the reason why the writer is doing this research to satisfy the writer's curiosity.

Based on the explanation and the reason above, the writer decided to give this research the title "The Effect of Celebrity Endorsement Towards Purchase Intention With Attitude Towards Advertisement as Mediation".

B. Problem Statement

This research is intended to analyze the effect on purchase intention of customer from celebrity endorsement. The effect is measured by physical attractiveness, source credibility, and celebrity and brand congruency with attitude towards advertisement as mediation.

The research problem is:

Is the purchased intention of a product that is measured by physical attractiveness, source credibility, and celebrity and brand congruency influenced by celebrity endorser?

The problem can be divided into specific problems, which are:

1. Does the physical attractiveness of the celebrity endorser have an effect on purchase intention with the mediation of consumer's attitude towards advertisement?
2. Does the source credibility of celebrity endorser have effect on purchase intention with the mediation of consumer's attitude towards advertisement?

3. Does the celebrity and brand congruence of celebrity endorser have effect on purchase intention with the mediation of consumer's attitude towards advertisement?
4. Does the consumer's attitude towards advertisement have effect on purchase intention?

C. Purpose of the Study

Based on the problems statement above, the purpose of this study is to analyze the effect of purchase intention of customer towards celebrity endorser with the mediation of customer's attitude towards advertisement. The specific purpose can be derived into the following:

1. To analyze the effect of physical attractiveness of the celebrity endorser on purchase intention with a mediation of customer's attitude towards advertisement.
2. To analyze the effect of source credibility of the celebrity endorser on purchase intention with a mediation of customer's attitude towards advertisement.
3. To analyze the effect of celebrity and brand congruence of the celebrity endorser on purchase intention with a mediation of customer's attitude towards advertisement.
4. To analyze the effect of consumer's attitude towards advertisement's on purchase intention.

D. Function of the Research

This research by the author is expected to yield the following purposes:

1. Academic Use

This research can contribute ideas and information regarding celebrity endorser towards consumer's purchasing intention with attitude towards advertisement as mediation.

2. Practical Uses

a. For the Author

This research is to apply the theoretical knowledge gained while in college and from other literature and compare it with the actual reality of the matter.

b. For Companies

This research is to provide the input on how much the celebrity endorser influence consumer purchasing decisions and celebrity endorser attributes are most influential on consumer purchase decisions so that the company can achieve its goals.

E. Chapter Layout

Chapter I Introduction

The introduction is the general view of the study content, which contains research background, research problem, research objective which mentions the purpose of the research, function of the research and chapter layout.

Chapter II Literature Review

The literature review contains all the relevant sources overview that are related to the topic such as independent variables (physical attractiveness, source credibility, and celebrity – brand congruence), mediation variables (attitude towards advertisement), and dependent variables (purchase intention).

Chapter III Research Methodology

The research methodology discusses the detail about the research methods, operational definition, sources of data, data collection technique, and methods of data analysis.

Chapter IV Data Analysis and Discussions

Data analysis and discussions presents the overall results and the findings from the analysis of the data collected such as general description of the products, data analysis, the instrument test, the hypothesis test, and the discussions. The program that has been used in this research is Statistical Package for Social Science or SPSS.

Chapter V Conclusions

In Chapter V, it includes the conclusions of the research, implications of the research, and limitations of the research to improve further research.