

CHAPTER I

INTRODUCTION

1.1 Background of Study

Tight business competition is now demanding and forcing a company to have advantages such as superior product quality, excellent in the services offered, and so forth. The company's benefits must be well managed so that consumers can know and understand the advantages of a company's products or services. Advertising is one of the right ways for companies to introduce their products or services. According to Morissan (2015), advertising is one of the best known and most talked-about forms of promotion; this relates to broad reach. Advertising is considered very effective in increasing consumer awareness of a product, service, or brand.

Kasali (2010) defines advertising as a message offering a public product through media. From the understanding, according to Kasali, it can be interpreted that advertising is the primary source of information that can influence the public or consumers in making purchasing decisions. This advertising activity is one way most companies certainly do it because advertising has a broad reach, persuading, and decisive factor in influencing consumer tastes and intentions.

Advertising is an effective and efficient element in building the image of a product or service used to increase consumer purchasing decision-making (Kurniawan and Kunto, 2014). In advertising a product, many media types can be done, for example, print and electronic media. One of the advertising media that is often used by companies today is through the internet. The development of technology is very rapid; the internet provides many companies' contributions to advertising their products. With the internet and the many social media that have sprung up like Facebook and Instagram, it has become easier for companies to promote and introduce their products to the general public. The use of the internet as an advertising medium is carried out considering that company advertisements must be visible to the public with a wide area and reach the public quickly, inexpensive, and attractive. Several other companies also use artists to support and introduce their

products through social networks like Instagram. Celebrity endorsement is a common advertising strategy.

Marketing and advertising are two inseparable things to convey a persuasive message (Ohana, 1990). In introducing a product or service often, companies use artists to help advertise their products, which we often hear with the term celebrity endorsement. Celebrity endorsement is considered an effective way for companies to introduce their products or services to the public, hopefully increasing consumer purchase intentions and leading to actual purchases (Kurniawan and Kunto, 2014).

Royan (2014) states that celebrities' use in advertising can help shape two things, namely forming a brand personality or increasing sales volume in the short term. Celebrities are concrete manifestations of various images or associations that consumers think of a brand. Celebrity endorsements are someone famous or someone who has the visibility, credibility, Attractiveness, and strength in communicating messages in a product to attract consumers' attention, increasing the purpose of buying consumers for the advertised products (Wijaya, 2015). If a brand's word is associated with a beautiful and young brand, then celebrities must represent all of these associations. For a marketer, brand personality is critical because, like humans, a character makes a product's brand look different from other brands. While competitors will easily imitate features and prices, personality is more difficult to replicate.

The role of celebrities in advertising a product is very influential if a star has credibility supported by Expertise, Trustworthiness, and liking (Royan, 2014). In marketing, celebrities' testimonials become a benchmark for consumers in determining what products they will buy (Ohanian, 1990). The selection of stars in conveying messages about products is expected to impact brand awareness and recognition. According to Hardiman (2016), an endorser is defined as a person who is chosen to represent the image of a product. Usually from potential consumers, artists who have prominent characters, good careers, high popularity, and have many fans will immediately increase consumer awareness of the products they are advertising. The suitability of the image and popularity of celebrities must be following the brand that is being carried. For example, a girl group artist from South Korea, BlackPink, which has recently been in the spotlight, has a strong and energetic character that has made several companies interested in using them as iconic

products of companies such as Pepsi, Samsung, Adidas. Because BlackPink has many fans, consumers will quickly experience the effects of the companies they are working with, especially fans. Due to the high popularity of celebrities, their collaborative products are highly anticipated, especially fans. A celebrity usually does many advertisements that can change consumers' perceptions of stars as a product or brand endorser.

Companies should be more focused and selective in deciding celebrities who will become endorsers of their products or brands. Companies must be able to review who they are, the size of the product range, the image they want to build related to the product, the compatibility between the product image and the endorser must be done carefully by the company to determine the maximum and appropriate results. Gupta et al. (2015) state that one of the models used to evaluate celebrities as endorsers is to measure endorsers' credibility by using three dimensions: Attractiveness, Expertise, and Trustworthiness. Attractiveness is related to the physical attractiveness or celebrity characters that stand out, such as personality, lifestyle, attitudes, etc. Expertise is associated with the experience, knowledge, or skills possessed by a celebrity or endorser for the products it offers. At the same time, Trustworthiness is related to honesty, integrity, responsibility. It can be trusted by celebrities (the endorser) as a source.

Understanding the importance of the relationship between celebrities and products to increase consumer purchase intention for their brand or products triggers company management to use appropriate stars and under the company's products or brands as supporters. According to Shimp (2003), Celebrity Endorser uses artists as commercials in media, ranging from print media, social media, and television media. Also, celebrities are used for their famous attributes, including good looks, courage, talent, grace, strength, and sexual attractiveness, which often represent the desired attractiveness of the brands they are advertising. One of the most widely used Indonesian celebrity endorsements is Karin Novilda, with her Instagram @awkarin social media account. The beauty and attractiveness of Karin Novilda are no doubt what makes many companies, especially on social media Instagram, use and offer to collaborate with Karin Novilda. Of course, Karin's popularity is expected to attract public interest to buy company products advertised through Instagram social media.



Figure 1.1 Karin Novilda products and advertising models

(Source: @awkarin, accessed 31 March 2020)

Millennials (also known as Generation Y, Gen Y, or Generous) are demographic groups after Generation X (Gen-X). Authors William Strauss and Neil Howe (1987) are widely regarded as the Millennial naming originators when children born in 1982 were entering pre-school. The media began to mention the group who joined the new millennium upon graduating from high school in 2000. They wrote about this group in their books *Generations: The History of America's Future Generations* (1991) and *Millennials Rising: The Next Great Generation* (2000). There is no definite time limit for the beginning and end of this group. Experts and researchers usually use the early 1980s as the beginning of this group's birth and the mid-1990s to early 2000s as the end of birth. Generation Y or millennial is the generation after generation X whose life begins to be surrounded by increasingly evolving technology. Whatever the activity, most of them are related to cyberspace, technology, the internet, and social media, especially Instagram. Since childhood, they are familiar with technology and familiar with sophisticated gadgets that indirectly affect their personality. The use of technology and the internet is developing quite rapidly, making the internet a medium for getting information more quickly, especially for the current generation. 88% of internet users use the internet to get information related to shopping, 61% choose to shop online, and 38% choose to use

conventional methods (<http://www.republika.co. Indo>). Technology or social media can change the lifestyle, especially for the millennial generation in shopping. Nowadays, many consumers shop online through social media like Instagram because it is considered easy, fast, and saves time.

Salzman (2010) in Ogle et al. (2013) found evidence that adolescents in America are a sizeable potential market because they use many internet media to find information and buy products. Seeing the lifestyle changes that occur in the current generation in using technology and social media makes companies or other marketers adopt social media, especially Instagram, to sell products and use celebrity endorsement to attract consumer attention. Of course, this is an exciting thing to discuss in studying the behavior of Generation millennial in Indonesia, especially those who live in Surakarta.

1.2 Formulation of The Problem

Based on the background above, the problems formulated in this study are as follows :

1. Does the Attractiveness of celebrity endorsers have an impact on purchase intention?
2. Does the Expertise of celebrity endorsers have an impact on purchase intention?
3. Does the Trustworthiness of celebrity endorsers have an impact on purchase intention?

1.3 Research Purposes

The objectives of this research are :

1. To analyze the influence of celebrity endorser Attractiveness on consumer purchase intentions.
2. To analyze the influence of celebrity endorser Expertise on consumer purchase intentions.
3. To analyze the influence of celebrity endorser Trustworthiness on consumer purchase intentions.

1.4 Benefits of Research

The results of this study are expected to provide help to several parties, including :

1. Theoretical Benefits

This study's results are expected to help several companies or marketers determine celebrity endorsement used by knowing the variables associated with buying intentions in consumers, which is the basis for choosing the company's right marketing strategy.

2. Practical Benefits

This study's results can undoubtedly be read and used as a reference for other parties interested in adding an insight or those in need, especially in marketing management.

1.5 Systematic Research

CHAPTER I: Introduction

This chapter explains the problem's outline to be investigated, such as background, problem formulation, problem boundary, research objectives, research benefits, and systematic research.

CHAPTER II: Literature Review

This chapter contains a description of the theories concerned and supports celebrity endorsement and purchase intentions in consumers and the research framework, previous studies, and hypotheses.

CHAPTER III: Research Methodology

This chapter contains the methods used in this study, consisting of population, form and time of research, samples and sampling methods, data collection methods, data measurement methods, data testing methods, and data analysis methods.

CHAPTER IV: Data Analysis and Discussion

This chapter discusses the analysis and testing of data on the respondents' answers from filling out the questionnaire distributed and the research results.

CHAPTER V: Conclusion

This chapter contains conclusions, suggestions proposed by the authors, and research implications that can be used as material for other interested parties.