DOES CELEBRITY ENDORSEMENT INFLUENCE THE CORPORATE LOYALTY: MEDIATING ROLE OF CORPORATE CREDIBILITY?

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ABSTRACT

Celebrity endorsement in product marketing and advertising is one of the most important factors in companies’ promotion strategies. Celebrities as one of the major tools in advertising can lead to encouraging consumers to use specific products and corporate loyalty because of their special and unique abilities or characteristics. The purpose of this study is to examine the effect of celebrity endorsement on corporate loyalty by concentrating on the mediating role of corporate credibility. Questionnaire survey method was adopted for data collection and data have been collected by applying simple random sampling technique. Study result revealed that the celebrity endorsement has a positive effect on corporate credibility and corporate loyalty. Moreover, corporate credibility has a positive effect on corporate loyalty. Moreover, corporate credibility significantly mediates the relationship between celebrity endorsement and corporate loyalty. At the end of this article, obstruction of this study, implementation, and outlines for another research also provided.

KEYWORDS

Celebrity endorsement, corporate loyalty, corporate credibility, Trustworthiness, Expertise, Attractiveness.
1. INTRODUCTION

The purpose of this study is to examine the role of Celebrity endorsement on corporate loyalty by considering the mediating role of corporate credibility. Everyday consumers are uncovered to thousands of ads Thornson (1990) and this will hinder companies to create a single position and obtain attention from consumers. Using celebrities can help companies to create exclusive ads and stimulate a positive effect on the attitude and sales intention towards the brand (Shekarchizade, Ranjbarian & Momeni, 2010). Celebrity endorsement has been useful for many years. Already in 1979, one in every six commercials used a celebrity and in 2001 that percentage grew to 25% Erdogan et al. (2001). The usage of celebrity endorsements has increased in the last decades and at the same time also the corresponding cash flows grew. In the year 1996 US companies rewarded more than 1 billion dollars to celebrity endorsers for endorsement deals and licensing rights Lane (1996). The rationale of the study is that the consumers do not use products because they do not know the products. Due to celebrities’ endorsement, people know about products, so they purchase and consumer products. In this way, the sale of products is increased, and it enhances the business of companies, so it is the main cause of adopting Celebrities. Celebrities as the members in position groups due to their exclusive and individual abilities can change somebody's mind consumers to use special products. Kotler in his marketing management book has described the reference groups in this way: reference groups are urban from the groups who influence their behavioural viewpoint in a direct or indirect way Kotler (2006). According to Solomon et al. (2002), celebrities have been predictable as the intellectual leaders who have the capability to carry out the consumers' preferences on the way to a special product or brand. Efforts to acquire high levels of customer retention conduct the marketers to examine the effect of celebrity on the consumer's understanding of the corporate trust and loyalty to the company. The concept of loyalty to company relates to the concepts such as corporate trust.

2. LITERATURE REVIEW

2.1 Celebrity Endorsement

Hundreds and many other of studies into the part of celebrities have been undertaken in various fields as well as communication, medical care, advertising, marketing psychology economic behaviour, politics, and sports management urban planning. Earlier research on the part of Celebrities in advertisement contain classification of the characteristics of successful celebrity. Spokes persons Magnini et al. (2008) and the character of celebrity endorsement on idea Image and objective to re-examine Lee et al. (2008). The efficiency of advertising campaigns built on celebrity endorsement has concerned increasing interest from researchers (Lin et al., 2008; Kim et al., 2013). Earlier research has established that the contract of endorsement on factors as well as corporate image, loyalty, and credibility are linked to the type of celebrity-worn.

Research into this problem has recognized a middle group of figurative scope that concludes the level of customer certainty in celebrity endorsement is based on their expertise, trustworthiness, appearance, personality, attractiveness, private life management, relationship, competency, familiarity, likeability, recognition (Han & Ki, 2010; Amos et al., 2008). In relative to Celebrity attributes a number of researchers have acknowledged expertise, trustworthiness, and attractiveness as the most vital attributes of celebrity endorsers (Han & Ki, 2010; Amos et al., 2008).
Trustworthiness refers to the measure to which the viewers perceives that the celebrity can communicate a sense of honesty, believability, and integrity through the medium of advertising Tripp et al. (1994). The second celebrity attribute is capability, defined as the degree to which an individual’s skill or expertness, knowledge, experience or required by others to support in decision making (Lord & Putrevu, 2009; Amos et al., 2008). Proficiency is linked with authoritativeness competency, expert ability, qualification, expertness and mastery (Magnini et al., 2010; Han& Ki, 2010). The third characteristic is attractiveness clear as the sum of a celebrity’s physical appearance, etiquette, beauty, dress and accessories, elegance, manners, and sexual appeal (Lord &Putrevu, 2009; Han& Ki, 2010). Briefly, earlier research has established that physical features or images resultant from the celebrity may be transferred to the product or company they endorse and as an outcome, influence of corporate credibility.

2.2 Corporate Credibility

Credible refers to “believable” “convincing” or “reliable” and is based on status, esteem and expertise. From the corporate point of view, credibility is the degree to which consumers identify that the company has the capability to apply management activities based on its trustworthiness, expertise, and knowledge. Most studies that have attempted to determine corporate credibility have used one dimension using items such as “confidence” “expertise”, “reputation”, “convincement” “favourability”, “reliability”, “pleasantness”, or “trustworthiness” (Goldsmith & Lafferty, 2004, 1999). Corporate credibility is measured to be matching with celebrity credibility when celebrity endorsement is applied in corporate advertisement Carlson and Donavan (2008). Corporate credibility contributes to edifice brand loyalty fortieth products or services and finally leads to improved sales (Goldsmith & Lafferty, 2004; Ewin, 1993). In contrast, a need of positive corporate credibility may result in a collapse to attain an increase in demand, effective advertisement or brand preference Ketchen et al. (2008). As a result, a victorious choice of celebrity endorsement will support the brand image and then emphasize corporate credibility and finally produce an increase incorporate loyalty.

2.3 Corporate Loyalty

Loyalty to a company is an optimistic emotional reaction and attachment emotional which is produced during frequent transactions with a company and its goods and services Ewin (1993). Creating corporate loyalty is a groundwork strategy for any company that seeks to enlarge profitability through seeking loyalty from customers and company employees Ewin (1993). In this Research, buyers can be viewed as stakeholders including customers, shareholders, supporters or employees of the Novel leather company. To develop corporate loyalty, a company must be capable of suggesting the consumer something that they feel is valuable. Once a possible customer expresses awareness the company must be able to follow through with brilliance or cost usefulness to draw the consumer to the brand depending on how it fits their wants or needs. Corporate loyalty is resistant by Corporate credibility when the company provides good or services (Lafferty & Goldsmith, 2004; Ewin, 1993). In accumulation, it is also promoted by advertising using celebrity endorsement (Kim et al., 2013; Amini et al., 2012). As an outcome, better loyalty through corporate credibility or advertising is reflected through objective to purchase or repurchase, recommendations to others, positive word-of-mouth, compliance to pay more and a decrease In complaints (Ohanian, 1991; Kim & Kim, 2004).
2.4 The Relationship between Celebrity Endorsement, Corporate Credibility, and Corporate Loyalty

Based on earlier studies (Kim et al., 2013; Amos et al., 2008), this research defines attributes of celebrity as expertise, trustworthiness, and attractiveness. Firstly, trustworthiness is a vital attribute in the clothing industry where the client recurrently makes a booking without first seeing the product and for this reason relies on the truthfulness of company marketing guarantee websites, gossip advertisement or endorsement by a celebrity (Lin et al., 2008; Ketchen et al., 2008). According to ‘match-up assumption’, advertising using a celebrity endorser influences consumer attitudes and their assessment of the involvement between the celebrities on the company. To facilitate this, celebrity endorsement that promotes trustworthiness produces the best “fit” in generating optimistic customer views on the company’s move toward to social responsibility, its marketing capacity, and provides a declaration that the company is consistent Kim et al. (2013). At the commercial level, trustworthy celebrity endorsers are an efficient means of communicating optimistic messages to customers about the company and its products, its input to society and corporate capability Fink et al. (2012).

Secondly, successful endorsement by a striking celebrity has the likely to improve corporate image by diluting negative attitudes in the direction of the company including thinking that the company is environment-leaning, useful for revenue-generation, knowledgeable for marketing Amos et al. (2008). This view is supported by the ‘representative communications model’ which explain the procedure where behaviour of the celebrity endorser is used to relocate qualities such as ‘fashion ability’, ‘luxury’, ‘elegance’ or ‘modernization’ onto the company (Van der Veen, 2008; Magnini et al., 2008). This model is comparable to the ‘meaning-move model’ where attributes of celebrity spoken as icons or cryptogram are transferred to the cognition-system of consumers in a procedure of decoding meaning of this cipher (van der Veen, 2008; Lord & Putrevu, 2009). As an outcome, the distinctiveness of the celebrity is able to confer credibility to the company and enhances corporate loyalty (Putrevu & Lord, 2009). The better the perceived level of expertise the celebrity endorser is seen to have in the advertised product the more efficient or believable the advertisement is likely to be (Magnini et al., 2008, 2010). Where there is a victorious connection between the celebrity and their perceived level of expertise in the product there is usually a boost in meaning to purchase, in part based on the guarantee given about service quality (Kim et al., 2007; Amos et al., 2008). For example, Amos et al. (2008) describe how mechanized companies can achieve a celebrity-transferred halo effect of ‘competency’, ‘professionalism’, ‘state-of-the-art’ or ‘master ship’ technology by using artisans as endorsers. correspondingly, effective endorsement of companies with cutting-edge technology has generated enlarged corporate credibility and loyalty (Busler & Till, 2000). In sum, the attendance of a celebrity on a clothing advertisement rapidly effect of transferring the representative imagery of that celebrity to the company and through this process has the possible to increase the corporate credibility of and corporate loyalty near the company being endorsed. However, it has also been establishing that the effect of celebrity attributes on corporate credibility, and corporate loyalty is likely to fluctuate according to the characteristics of the celebrity endorser. On the basis of above mentioned literature, following hypotheses are proposed:
H1. Celebrity endorsement has significant and positive relationship with corporate loyalty

H2. Corporate Credibility significantly mediates the relationship between Celebrity endorsement and corporate loyalty.

2.5 Relationship of Corporate Credibility to Corporate Loyalty

As earlier research via the ‘meaning transfer model’ designate, attributes of celebrity endorsement are transferred to consumer’s self after he/she is showing to corporate advertising (van der Veen, 2008; Putrevu & Lord, 2009). As the ‘symbolic communications model’ indicates, corporate credibility that has been improved by celebrity endorsement. Contributes to the spiralling of corporate loyalty Stallen et al. (2010). The authority of corporate credibility on corporate loyalty through the ‘halo effect’ of celebrity endorsement can be completed by the ‘match-up theory’ which postulates a helpful a relationship between the brand and the endorser. Corporate credibility, when improved through efficient endorsement, helps to make a positive brand approach such as target to purchase and brand loyalty (Donavan & Carlson, 2008). The connection between corporate loyalty and corporate credibility can be ascertained by the advertising ‘schema theory’ which argues that a theoretical memory arrangement helps consumers to systematize and identify new promotional information based on preceding experience or conventional wisdom (Fink et al., 2012; Donavan& Carlson, 2008). For this reason, company credibility will be harmfully pretentious by a turn down in the trustworthiness of a celebrity endorser because of the design of a negative connection between brand loyalty and credibility. Changes in company credibility twisted by endorsement can be calculated by substitute variables such as the goal to purchase or positive recommendations. Based on this review of the related literature the subsequent hypothesis was generated.

H3. Celebrity credibility has significant and positive relationship with corporate loyalty.

2.6. Theoretical Model

3. METHODOLOGY

The purpose of current study is to explore that how Celebrities endorsement influence the corporate loyalty by considering the mediating role of Corporate Credibility. The study is descriptive and quantitative in nature. Questionnaire survey method was adopted to collect the leaders’ responses. Data have been collected from 200 leaders of 150 selected Sectors from all over the Pakistan by applying simple random sampling technique.

3.1 Data Collection Procedure

Sectors have been selected for data collection, therefore, target population includes employees of all Sectors working in Pakistan. 150 Sectors have been shortlisted according to their financial
performance, track record, and experience. Sampling frame includes the employees of 150 Sectors. List of all employees obtained from concerned authorities of selected Sectors and after having formal appointments responses have been collected. The sample size was 200. Questionnaires floated in selected Sectors. Out of 200 questionnaires, only 160 were valid responded with 80% response rate.

3.2 Questionnaire Design

This study adopted the questionnaire survey method to explore the affiliation of leadership styles with organizational commitment as well as job satisfaction. The questionnaire is used in the survey. A questionnaire based on two sections. 1st is demographic and 2nd is to check magnitude behaviour of respondents.

3.3 Sample

The targeted population is employees of sectors and sampling techniques used in this study is random sampling techniques. Sample size was 200.

3.4 Measures

The current study is used Survey method to ensure the relationship between in study variables. The questionnaire used to gather information. All the scales use in the study taken from earlier research. Section two requires information on leadership style about followers of Sectors. To create information taking place leadership style, an adapted also a better version of Multifactor Leadership Questionnaire (MLQ) by Bass (1985) be used. Transformational leadership 20 sales items used, and servant leadership 23 items scales used in current study. Sections three importune information on organizational commitment. The components of organizational commitment being confined were continuance, affective and normative commitment. A rationalized apparatus by Babin plus Boles (1998), Hartline and Ferrell (1996), Netemeyer et al. (1997) was customized to get information on organizational commitment and job satisfaction job satisfaction adopted 5 items scales and organizational commitment adopted 4 items scales. Section four required information on employee participation to acquire data on employee participation, an adapted questionnaire by Black JS, Gregersen HB, (1997), Lowin A (1968), Singh (2009) was used and its items scales adopted 5 items.

3.5 Demographics

Study accomplishes in the banking sector and target population includes all the bank employees in Gujranwala. Questionnaires float in 3 universities. Out of 200 questionnaires, only 160 were inapplicable act in response with 80% response rate. Most respondents were among the age group of 25 whose percentage is 81.3%. Following to this 18.7%, 0% and 0% were age group of 26-45, age group of 46-55 and age groups of 56+ respectively. Furthermore, respondents were 55%, 43.7%, 1.2% and 0% belonged to Bachelors, Masters, Ph.D. and others group of educational stage respectively. 45%, 46.9%, and 8.1% respondents were doing their jobs as contractual employees, permanent employees and others respectively. 40.1% respondents have up to 1-year length of service and 51.9%, 5% and 0% respondents have 2-5 years 5-10 years, and more than 10 years length of service at visited banks respectively.
4. RESULTS

4.1 Descriptive & Correlation Analysis

The purpose of this study is to examine the role of Celebrity endorsement on corporate loyalty by considering the mediating role of corporate credibility. Everyday consumers are uncovered to thousands of ads Thornson (1990)

<table>
<thead>
<tr>
<th>Construct</th>
<th>Mean</th>
<th>SD</th>
<th>α</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Celebrity endorsement</td>
<td>3.58</td>
<td>.74</td>
<td>.74</td>
<td>--</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Corporate loyalty</td>
<td>3.77</td>
<td>.62</td>
<td>.69</td>
<td>.544**</td>
<td>--</td>
<td></td>
</tr>
<tr>
<td>3 Corporate Credibility</td>
<td>3.90</td>
<td>.74</td>
<td>.71</td>
<td>.698**</td>
<td>.564**</td>
<td>--</td>
</tr>
</tbody>
</table>

The above-mentioned table is representing the descriptive statistics, reliability and Pearson correlation among all understudies variables. The highest correlation existed between Celebrity endorsement and Corporate Credibility which is valued at 0.698. It is reflecting that Corporate Credibility and Celebrity endorsement are positively related to each other with a moderate standard deviation.

The other variable named as Corporate Loyalty is also correlated with each other. The mean values are showing the trend of responses that most of them lie towards agreeableness. Results indicate that alpha values for all variables are under acceptable range to prove data reliability.

4.2 Celebrity endorsement and corporate loyalty

<table>
<thead>
<tr>
<th>Variables</th>
<th>B</th>
<th>SE</th>
<th>β</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>1.086</td>
<td>.233</td>
<td></td>
<td>4.873</td>
<td>.000</td>
</tr>
<tr>
<td>Celebrity endorsement</td>
<td>.680</td>
<td>.955</td>
<td>.548</td>
<td>11.235</td>
<td>.000</td>
</tr>
</tbody>
</table>

\[ R^2 = 0.27 \]

Table 3 results demonstrate that display of Celebrity endorsement has appositive and significant relationship with Corporate loyalty with (R2= 27%, P<.05). In addition, analysis also indicates that 27% variance has been explained by the display of Celebrity endorsement in corporate loyalty. P value for the beta coefficient of display of Celebrity Endorsement is .000 which is significant at 5% level of significance and this means that beta value 0.680 is statistically significant and these results support to H4.
Table 2 signifies that all paths (a, b, c and c’) fulfil the condition of partial mediation. Results indicates that Celebrity endorsement positively and significantly associates with Corporate credibility (Path a) with (b= 0.24, t=5.21, p<0.05). Similarly, Corporate credibility also significantly and positively relates with Corporate Loyalty (b= 0.72, t= 11.50, p<0.05) which shows that path b is also significant.

Table 2.1 divulges that path c and c’ also significant by explaining the direct and total effects. There is significant relationship between Celebrity endorsement and Corporate loyalty with (b= 0.49, t= 9.32, p<0.05) and coefficient value shows the direct effect of Celebrity endorsement on Corporate loyalty (Path c). Total effect of Celebrity endorsement on Corporate loyalty is also significant with (b= 0.67, t= 10.32, p<0.05) at presence of mediating variable. These results illustrate that corporate credibility significantly and partially mediate the relationship between Celebrity endorsement and corporate loyalty and it increases the positive impact of Celebrity endorsement.

### 3. Conclusion and Discussion

The purpose of this study is to examine the effect of celebrity endorsement on corporate loyalty by concentrating on the mediating role of corporate credibility. Study results elaborated that celebrity endorsement has significant and positive association with corporate loyalty and supported to H1. Findings concluded that corporate loyalty is significantly influenced by the characteristics celebrity endorser. Moreover, results also enlightened that corporate credibility significantly mediate the relationship between celebrity endorsement and corporate loyalty and supported to H2. Corporate credibility plays great role to explain the association between celebrity endorsement and corporate loyalty. Furthermore, study also highlighted that corporate credibility also significantly related to corporate loyalty and supported to H3. This study highlighted the important of celebrity endorsement and corporate credibility to boost up the corporate loyalty.
REFERENCES


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