



# Consumers' attitude of endorser credibility, brand and intention with respect to celebrity endorsement of the airline sector



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## ABSTRACT

To achieve product differentiation, airlines spend millions of dollars annually in signing celebrities to endorse their brands' endorsement contracts, as source effects that play an important role in persuasive communications. Based on source credibility theory and product differentiation theory, this study examines the causal relationship between endorser credibility, brand attitude, brand credibility and purchase intention of air transportation services provided by airlines that adopt a celebrity endorsement strategy. Meanwhile, endorser credibility was tested as a second-order construct of the proposed model. The results indicate that positive relationships exist between all the hypothesized constructs. Therefore, in addition to having a favorable celebrity to endorse a customer oriented advertisement, the credibility of the celebrity is as important in enhancing brand attitude, brand credibility and purchase intention.

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## 1. Introduction

In the world where consumers have vast number of choices, one way that companies normally use to achieve product differentiation is through advertising (Tremblay and Polasky, 2002). Among all advertising campaigns, celebrity endorsement is very popular and widely adopted (Erdogan et al., 2001; Mehulkumar, 2005) for almost any type of product or service available (Doss, 2011). In the US, about 25 percent of the advertisements are endorsed by celebrities (Agrawal and Kamakura, 1995; Shimp, 2000). Spice Girls contributed a 2% global market share increase for Pepsi (Advertising Age International, 1997). Although Michael Jackson eventually turned out to be a disaster for Pepsi, Michael Jackson's campaign had allowed the company to acquire an 8% increase in sales in 1984 (Gabor et al., 1987). Based on academic findings (Atkin and Block, 1983; Petty et al., 1983) and company reports, it is safe to argue that celebrity endorsers are more effective than non-celebrity endorsers in generating all desirable outcomes when companies utilize celebrities whose public personas match the products and target audiences.

Air transport plays a central role in supporting tourism around the world. According to UNWTO (2014) and ICAO (2013), the number of international tourists grew by 5% in 2013, reaching a record number of 1.09 billion, and is forecasted to be 1.81 billion in 2030. Over half of international tourists are now traveling by air, making air transportation the predominant transportation mode for international tourists (Chris, 2012). As the demand for air transportation services has risen much faster than the demand for most other goods and services in the world economy, it is extremely important that airlines retain their passengers to remain profitable (Wang, 2014a) by differentiating themselves to increase their perceived value (Woodruff, 1997; Deephouse, 1999). A basic premise in the development of yield management has been that the differentiated fare products offered by airlines are targeted to distinct segments of the total demand for air travel in a market (Hazledine, 2011), each of which compete for space on a fixed capacity aircraft (Botimer, 1993; Botimer and Belobaba, 1999; Belobaba et al., 2015). To this end, celebrity endorsers' marketing communication strategy is one of those popular campaigns.

Celebrity endorsement as a product differentiation strategy in airlines is not a new phenomenon (Qantas, 2014; Virgin Atlantic, 2013; China Airlines, 2013; Emirates Airline, 2014). Turkish Airlines launched a 60-s commercial featuring Kevin Costner that focuses on the company's services that make passengers feel like a

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star, (Basusta, 2009). In 2013, Air New Zealand released “Just Another Day in Middle-Earth,” a fantastic in-flight safety video based on the upcoming film “The Hobbit: The Desolation of Smaug” (Page, 2013; Air New Zealand, 2013) that successfully delivered the mission of “Safety” of Air New Zealand to the passengers worldwide.

Based on the theoretical model built upon the renowned Source Credibility Model (McGuire, 1969; McCracken, 1989; Ohanian, 1991; Erdogan, 1999), this study specifically examines the effects of a celebrity endorsement and its effects (Erdogan, 1999) on the brand attitude, brand credibility and purchase intention causal chain. Additionally, consumers can now easily switch among brands as opposed to past, due to the increased level of competition and diversity in the airline industry (Srinivasan and Ratchford, 1991). Researchers of the theory of product differentiation (Barney, 1991; Baum and Mezias, 1992; Hannan et al., 1990; Hawley, 1968; Henderson, 1981; Porter, 1991) agree that a firm may face less competition by differentiating itself from others. Besides relying on typical advertising campaigns, airlines can also achieve product differentiation through celebrity-themed aircraft liveries (Wang and Waros, 2015a, b) and strategic alliance (Wang, 2014b).

This study is unique because it aims to investigate the influence of airlines' celebrity endorsement campaigns in regards to the relationship between passengers' attitude toward the endorsed brand and purchasing intention. Most of all, this study is the first one that treats endorser credibility as a second order construct, and discusses its effects on attitude toward the endorsed brand, credibility of the endorsed brand and purchase intention. Despite the salient benefits and the popularity of airlines adopting a celebrity endorsement campaign, surprisingly, very few studies have been done to investigate the topic (Kansu and Mamuti, 2013).

## 2. Conceptual background and literature review

A Celebrity endorser, in general, is defined as “any individual who enjoys public recognition and who uses this recognition on behalf of a consumer product by appearing with it in an advertisement” (McCracken, 1989). The use of celebrities has resulted from their associative personal qualities of attractiveness, likeability, reputation and believability toward the products being endorsed (Atkin and Block, 1983), which further give a competitive advantage in differentiating a firm's products from its competitors (Doss, 2011).

Although service quality, brand, and/or celebrity related marketing campaigns are no guaranty for profitability (Gitomer, 1998; Merkert and Pearson, 2015), recent studies have demonstrated that celebrity endorsement leads to a favorable attitude toward the endorsed brand (Till et al., 2008) and credibility of the endorsed brand (Spry et al., 2011). Companies use a brand's perceptions and image to enter new product lines and product classes by transferring its properties to other entities (Keller, 2003). These intangible properties can enhance corporations' competitive strategies by expanding the brand and its image to other products; however, care must be given to the perceived fit between the existing image and the new product (Aaker and Keller, 1990), or a failed extension of a line or class can damage the asset of the brand's image. This perceived fit must be adhered to with all associations with the branded product, including advertisements with celebrity endorsers.

Based on data collected from Taipei Shongshan International Airport in Taiwan, this study defines and operationalizes three kinds of credibility sources of celebrity and empirically validates their impacts on both brand attitude and brand credibility of the product/service endorsed; finally, their influence on purchase intention. Fig. 1 shows the conceptual framework of this study.

### 2.1. Product differentiation theory

The objective of the product differentiation is to increase profits by increasing demands and decreasing the price elasticity of demand. Product differentiation offers many advantages to incumbent firms. These advantages include increased economies of scale, possible cost advantages for incumbents, and an increase in the capital barrier to entry (Waldman and Jensen, 2016). Firms can differentiate their products or services in many ways. Common forms of differentiation include location, service, physical characteristics and subjective image differences (Waldman and Jensen, 2016). In many occasions, product differentiations are done through advertising.

Economists distinguish between two broad categories of product differentiation based on the attribute or characteristics of products: horizontal product differentiation and vertical product differentiation (Tirole, 1988). Horizontal differentiation refers to differences between brands based on different product characteristics but not on different overall quality. Horizontal differentiation is common in the fast food industry. By comparison, vertical differentiation refers to differences on actual quality of two brands, i.e., a car from Lexus is perceived as a higher quality car than that from Ford. However, differences between similar models, such as a Toyota Camry and a Ford Fusion, represent horizontal differentiation (George et al., 1992).

It is commonly the case that no firm within the industry sells a product that is identical to that sold by a competing firm (Nolega et al., 2015); however, firms within the same industry, including airline industry, have been selling products that are good substitutes for each other. While product differentiation, both vertical and horizontal, is a competitive business strategy whereby firms attempt to gain a competitive advantage by increasing the perceived value of their products and services relative to the perceived value of other firms' products and services (Rahman, 2011; Sharp and Dawes, 2001); a homogeneous product is one that cannot be distinguished from competing products from different suppliers (Murphy et al., 2007). Dirisu et al. (2013) further state that while there are numerous ways to differentiate brands, identifying meaningful product-driven differentiators can be especially fruitful in gaining and sustaining a competitive advantage. Among all product differentiation strategies, celebrity endorsement advertising strategy is proven to be effective in influencing consumer perceptions of products' differences despite how minuscule the differences are (Gasmi et al., 1992; Golan et al., 1996; Muris et al., 1993). In many occasions, firms use celebrity endorsement through advertising to differentiate physical characteristics and create subjective image differentiation, just like the premium image of Clorox bleach and the emphasizing of Ronald McDonald and toys in kid's meals.

### 2.2. The source credibility model

The Source Credibility Model contends that the effectiveness of a message depends on the perceived level of expertise, trustworthiness and attractiveness in an endorser (Hovland and Weiss, 1951; Ohanian, 1991; McGuire, 1969). Information from a credible source (e.g. celebrity) can influence beliefs, opinions, attitudes and/or behavior through a process called internalization, which occurs when receivers accept a source influence in terms of their personal attitude and value structures.

Endorser's expertise is the source's qualification which directly influences the level of conviction in order to persuade the consumers to purchase the product. A source/celebrity that is considered more of an expert has been found to be more persuasive (Aaker and Myers, 1987) and able to generate more intentions to

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