

Surrogate Advertisements as Mediator between Celebrity Endorsement, Core Product Perception and Consumer Purchase Intention in Nepal¹

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Abstract

The aim of this study is to investigate surrogate advertisement as mediator between celebrity endorsement, core product perception and consumer purchase Intention. This study used a descriptive and causal research design to present the information and to test the direct and indirect relationships among the constructs of the study. The research population comprised of people from Kathmandu City the biggest city of Nepal and a mini-Nepal. Structured questionnaires were administered through a field survey, and data were gathered from 150 samples. The data was analysed and hypotheses tested through reliability analysis, descriptive statistics, correlation analysis, multiple regression analysis and mediation analysis. The research findings suggest that surrogate advertising is an important tool to increase consumer purchase intention through the effects of celebrity endorsement and core product image. The results offer valuable insights for future marketing strategies, allowing firms to work around the regulatory barrier while enhancing consumer involvement.

Keywords: Surrogate Advertisement, Purchase Intention, Celebrity Endorsement, Core Product, Consumer Behavior

Introduction

In today's business landscape, it is fundamental in defining their product positioning and communicating value messages to their audience. Advertising is a well-

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established tool in modern marketing practice and is considered as the most essential tools to promote brands and influence the markets (Jose & Roy, 2020). Advertising is the transmission of information regarding a firm, its products or services to a specific market (Vyas & Bissa, 2018). The increasing amount of advertising spending requires companies to assess how different advertising methods function and create their business goals together with their marketing objectives (Khodakaram & Danaei, 2013). The current advertising trends because businesses can use them to gain an advantage over their competitors in the fast-moving marketplace (Khodakaram & Danaei, 2013).

Surrogate advertising has developed into a highly disputed advertising method which successfully operates in areas where alcohol and tobacco advertising remains banned. The method operates through indirect product promotion which connects a product to a legal item to avoid restrictions on illegal product advertising (Jose & Roy, 2020).

Advertisements receive their effectiveness evaluation through the application of frameworks which include the AIDA model that analyzes consumer behavior through its four components Attention Interest Desire and Action (Khodakaram & Danaei 2013). Companies use surrogate advertising methods to bypass advertising rules while they still protect their brand visibility in the marketplace. The approach meets all advertising regulations while it keeps attracting consumers to the brand (Khodakaram & Danaei 2013).

Advertising has been proven to have a significant impact on consumer attitudes and behaviours, influencing purchase and consumption (Khodakaram & Danaei, 2013). In this regard, surrogate advertising leverages the brand equity of a surrogate product to promote the core product and overcome regulatory restrictions while preserving consumer interest (Ganesan et al., 2019). This can lead to favourable attitudes towards the surrogate product, which in turn benefits the primary brand (Ganesan et al., 2019). This practice is common in markets with a high degree of regulation on advertising, where consumers are well versed in recognising the cues in surrogate advertising (Sharma & Verma, 2020). Surrogate advertising also has a significant impact on consumer decision-making, as it helps build brand loyalty and keep consumers engaged in the absence of advertising (Sharma & Verma, 2020).

In numerous markets, surrogate advertising is used to promote products like alcohol and tobacco, whose promotion is limited due to health concerns (Jose & Roy,

2020; McCracken, 1989). Although increasingly common, little research has been conducted on its effects on consumer behaviour. The present research seeks to quantify the impact of surrogate advertising on consumer attitudes and intentions, with a specific focus on the roles of celebrity endorsement and perception of the core product. This study aims to draw on theories such as Cognitive Dissonance Theory (Festinger, 1957), the Theory of Reasoned Action (Fishbein & Ajzen, 1975), the Elaboration Likelihood Model (Petty & Cacioppo, 1986), and the Theory of Planned Behavior (Ajzen, 1991) to offer practical guidance for marketers seeking to enhance their advertising techniques while adhering to regulatory standards.

In Nepal, surrogate advertising is increasingly becoming a prominent issue for beverage and gambling companies operating under the Advertisement (Regulation) Act, 2019, which explicitly bans direct advertising of alcohol, tobacco and gambling (Rijal, 2023). In recent years, companies in Nepal have increasingly engaged in surrogate advertising - particularly through social media - with examples including Yeti Brewery (the parent company of Arna Beer) operating a related company called Arna Music, and Ruslan Vodka operating Ruslan FM, whose logo is similar to the vodka's logo (Rijal, 2023). Research in Kathmandu and Lalitpur with a sample of 550 consumers aged 20-40 years looked at consumer perception of surrogate marketing, the impact of surrogate advertising on purchase behaviour, and consumers' attitudes towards surrogate products (Arna Beer, Ruslan Vodka, Tuborg Beer and 1XBET betting platform) (Surrogate Marketing in Nepal, 2023). Crucially, while the Advertisement (Regulation) Act, 2019 restricts direct advertising, the act does not explicitly regulate surrogate advertising, thus creating regulatory uncertainty that allows companies to engage in indirect promotion (Rijal, 2023). These contextual factors highlight the need for empirical research on surrogate advertising in Nepal, where lack of clarity in regulation and high exposure to indirect advertising present unique challenges to policymakers and marketers alike.

The basic purpose behind the study was to examine the impact of surrogate advertising on consumer's purchase intention in Nepal. Specifically, the objectives are: to assess the status of surrogate advertising and its related factors in relation to purchase intention; to examine the relationship between surrogate advertising and its related factors with purchase intention; to analyze the impact of surrogate advertising and its related factors on consumers' purchase intention; and to measure the mediating role of

surrogate advertising between celebrity endorsement, core product perception and purchase intention.

Celebrity endorsements increase the effectiveness of surrogate ads by using their popularity to create positive brand perceptions. The main product associations with surrogate ads determine their success because they affect brand image and advertising performance. The gathered insights will create advertising campaigns which meet regulatory standards while effectively capturing consumer interest.

Literature Review

Surrogate advertising

Surrogate advertising is a marketing tactic that involves advertising of products that are prohibited by law (such as alcohol and tobacco) in a manner that promotes similar, but legally allowed, products. The research by Vyas and Bissa (2018) and Ganesan et al. (2019) illustrates the role of surrogate advertising in maintaining consumer interest and building brand loyalty, even in the presence of advertising bans. This research shows such ads can influence consumer attitudes and perceptions about the main product, and increase purchase intentions. Tyagi and Tyagi (2018) also examined the effects of surrogate advertising on consumer behaviour through a descriptive study, which surveyed consumers who have been exposed to surrogate advertising. Their findings offer insights into the impact of surrogate advertising on consumer behaviour.

Core product

The core product is the main product being advertised indirectly in surrogate advertising. It's an essential element of the surrogate advertising campaign, as it defines the campaign strategy and message. Khodakaram and Danaei (2013) discovered that consumer involvement in the core product greatly affects consumer responses to surrogate advertisements. If consumers have favourable attitudes toward the core product, surrogate advertising campaigns are likely to reinforce these attitudes and improve the efficacy of the advertising campaign.

Celebrity endorsement

Surrogate advertising is heavily reliant on the use of celebrity endorsements. Through the use of prominent personalities, marketers leverage the celebrity's credibility and popularity to enhance favourable attitudes towards the brand. McCracken (1989) suggested that celebrities act as cultural "translators" by transferring meaning to the brand in an endorsement. Erdogan (1999) also showed that brand-persona match-up

affects the power of celebrity endorsements. Kumar (2011) demonstrated that celebrity endorsements can boost sales and market share by positively impacting consumers' attitude toward the brand.

Purchase intention

Purchase intention is a measure of the probability that a consumer will buy a product as a result of seeing advertising (Dodds et al., 2021; Keller, 1993). High brand equity and effective advertising promote purchase intentions. For surrogate advertising, purchase intention is the degree to which indirect brand promotion spurs consumers to seek and purchase the underlying product, despite the fact that direct advertising of the product is illegal.

Theoretical background

The study is based on communication and persuasion theories. McCracken (1989) introduced the Meaning Transfer Model that helps understand the meaning transfer from celebrities to brands. There are implications regarding the Source Credibility Theory (Hovland & Weiss, 1951) about the effect of celebrity endorsements on attitudes of consumers. This study follows the rationale of Keller's (1993) Brand Equity Theory that suggests that primary product perceptions drive reactions to marketing communication. These theoretical mechanisms are applied in the context of surrogate advertising within legal limits, and then they are used to affect the intention to buy products.

Review matrix

Table 1

Review Matrix

Author(s) / Year	Major Findings
Vrtana & Krizanova (2023)	Emotional advertising appeals significantly influence consumer purchasing behavior and enhance brand loyalty.
Abbas et al. (2020)	Advertising has a significant impact on consumer purchase intention, particularly among university students.
Jose & Roy (2020)	Surrogate advertisements and perception of core products significantly influence consumer responses, enhancing brand recall.
Tyagi & Tyagi (2018)	Surrogate advertisements effectively influence consumer perception and behavior toward the advertised products, while celebrity endorsement plays a minimal direct role in shaping consumer perception.
Vyas & Bissa (2018)	Surrogate advertisements positively and strongly influence consumers' purchase intentions.
Khodakaram &	Advertising significantly influences consumer behavior through the components

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Danaei (2013)	of the AIDA model (Attention, Interest, Desire, Action).
Kumar (2011)	Marketers use celebrity endorsement to increase sales and market share.
Erdogan (1999)	Celebrity endorsements significantly affect brand image and consumer purchasing decisions.
McCracken (1989)	Celebrities significantly influence consumer perceptions and add considerable value to endorsed brands by transferring cultural meaning.
Maharjan, Paudel & Basyal (2025)	Celebrities' trustworthiness and expertise significantly affect purchase intentions among Nepali consumers. These are completely mediated by brand credibility and consumer attitude, supporting the indirect persuasive role of endorsements.
Marasini & Upadhyaya (2025)	For Nepali consumers in Rupandehi, celebrity congruence, familiarity and liking are the primary predictors of consumer purchase intention; trustworthiness and expertise independently did not predict purchase intention.
Baniya (2017)	Celebrities' physical attractiveness and celebrity-brand fit improve brand loyalty and purchase intention among Nepali consumers. Trustworthiness and expertise did not directly affect purchase intention in the Nepali market.
Neupane (2019)	Nepali consumers' purchase intentions are positively affected by social media (Facebook, YouTube, Instagram). Advertorials and entertainment content on social media significantly influence consumer purchase intention in Nepal.

Source: Compiled by Researchers, 2026

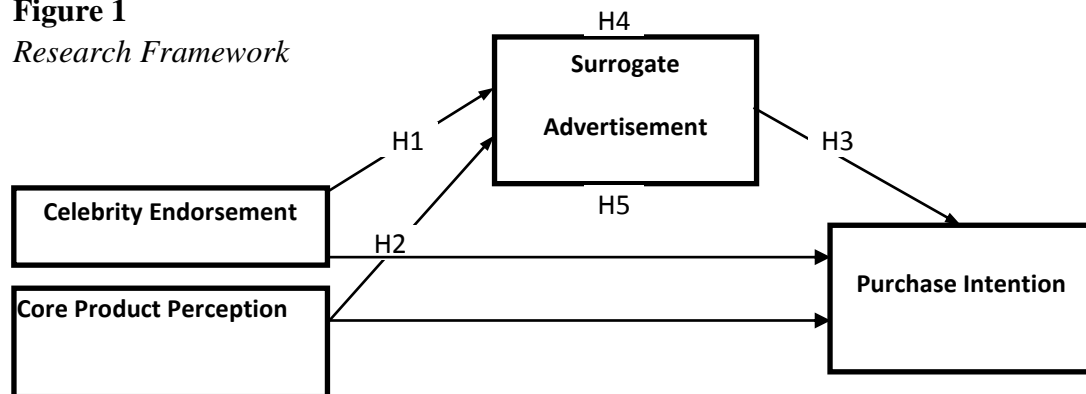
Research framework and hypotheses

Research framework

The Research framework of this study, illustrated in Figure 1, posits that celebrity endorsement and core product perception serve both as direct antecedents of consumer purchase intention and as indirect antecedents mediated through surrogate advertising. This framework is grounded in Erdogan (1999), Keller (1993), Khodakaram and Danaei (2013), Tyagi and Tyagi (2018), and Vyas and Bissa (2018).

Figure 1

Research Framework



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Source: Erdogn (1999); Keller (1993); Khodakaram & Danaei (2013); Tyagi & Tyagi (2018); Vyas & Bissa (2018).

Hypothesis development

H₁: Celebrity endorsement has a significant positive effect on surrogate advertising.

Celebrity endorsements have a major impact on consumer purchasing decisions. According to research conducted by Erdogan in 1999 and McCracken in 1989, celebrities achieve attraction and brand credibility through their endorsement activities, which leads to increased consumer interest and purchasing behavior (Kumar 2011).

H₂: Core product perception has a significant positive influence on surrogate advertising.

Surrogate product strongly depends on how consumers perceive the main product. Positive perceptions allow surrogate advertisements to reinforce these perceptions, thereby increasing the effectiveness of the advertising. This is supported by Keller (1993), who shows that positive brand perceptions enhance responses to marketing communications.

H₃: Surrogate advertising has a significant positive influence on consumer purchase intention.

Surrogate advertising can be used to boost consumer purchase intentions. Vyas and Bissa (2018) show that surrogate advertising sustains and even increases consumer interest in banned brands, leading to purchase.

H₄: The positive effect of celebrity endorsement on purchase intention is mediated by surrogate advertising.

Surrogate advertising works as a tool that controls the impact of celebrity endorsements on consumer buying behavior. The system permits indirect transmission of the endorser's credibility and attractiveness to the fundamental product. Choi and Rifon (2012) discovered that product and endorser matching increases endorsement impact.

H₅: The positive effect of core product perception on purchase intention is mediated by surrogate advertising.

Positive consumer attitudes toward essential products lead to higher purchasing intent when advertisers use surrogate advertisements to communicate their messages. The mediation process enables brands to maintain consumer interest during periods when advertising access is restricted. Gupta et al. (2025) provide additional details about the complex nature of surrogate advertising and its effectiveness as a mediating force.

Research Methodology

Research design and population

The research design used in this study is descriptive and causal, focusing on the effect of surrogate advertising on purchase intention. The study examines all individuals who have reached 18 years of age and who have seen surrogate advertising in Kathmandu City. Kathmandu serves as the largest commercial center of Nepal which represents the entire consumer market of Nepal.

Sampling and data collection

The study used convenience sampling to select 150 respondents because this method provides sufficient sample size needed for statistical analysis, which will produce valid results at the 10% significance level (Cochran, 1977). Hayes (2018) notes that bootstrapped confidence intervals are valid estimates of indirect effects in small and medium sized samples. Likewise, Fritz and MacKinnon (2007) suggest that typical small-to-medium effect sizes require a sample size around 150 to detect mediation effects. Thus, the number of samples ($n = 150$) used in the present study is sufficient. Data were gathered through a field survey using a questionnaire. The questionnaire was structured into two parts: demographic profile and key variables of the study, namely celebrity endorsement, core product perception, surrogate advertising and purchase intention. A five-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree) was used to measure the responses.

Respondent profile

The sample included 56% males and 41% females, with 3% identifying as neither. Most respondents (72%) were aged 20-30 years, with 3% aged 40-50 years, and very few from other age groups. The majority of respondents (41%) held or were enrolled in a bachelor's degree, with 28% holding a master's degree or above.

Data analysis

The field survey data were processed using IBM SPSS Statistics Version 27. The mediating role of surrogate advertising on consumer purchase intention was tested using Hayes's PROCESS Macro Version 5.0 (Hayes, 2022). Reliability of the constructs was measured using Cronbach's Alpha. Then, descriptive statistics, Pearson correlation, multiple regression, and mediation analysis were conducted to examine the direct and indirect (mediated) effects between the constructs. The assumptions of regression

analysis (normality, linearity, multicollinearity, and independence of errors) were tested and found to be satisfactory (Sharma & Chaudhary, 2018).

Results and Discussion

Reliability analysis

Reliability was assessed using Cronbach's Alpha, a quantitative measure of the internal consistency of scale items (George & Mallery, 2009). As shown in Table 2, all constructs returned Alpha values above the widely accepted threshold of 0.70 (Hair et al., 2014), confirming reliable internal consistency.

Table 2

Reliability Analysis

Construct	Cronbach's Alpha	No. of Items
Celebrity Endorsement	.885	4
Core Product Perception	.889	4
Surrogate Advertising	.856	4
Purchase Intention	.849	4

Descriptive analysis

Table 3 presents the descriptive statistics for all constructs. Mean values above 3.00 on the five-point Likert scale indicate a generally positive respondent orientation toward all study variables. Standard deviations below 1.00 suggest acceptable homogeneity in responses, affirming that the constructs represent the conceptual model in an appropriate and interpretable manner.

Table 3

Descriptive Analysis of Constructs

Construct	Mean (M)	Std. Dev. (SD)
Celebrity Endorsement	3.16	0.42
Core Product Perception	3.28	0.84
Surrogate Advertising	3.28	0.75
Purchase Intention	3.54	0.90

Correlation analysis

Bivariate correlations were tested using Pearson correlation analysis (Sharma & Chaudhary, 2018). As shown in Table 4, a moderate positive correlation was found between celebrity endorsement and purchase intention ($r = 0.59$). There were strong positive correlations between core product perception and purchase intention ($r = 0.62$), and between surrogate advertising and purchase intention ($r = 0.67$) (Levin & Fox, 2006).

All correlations are significant at the 0.01 level, providing initial support for the hypotheses.

Table 4
Correlation Matrix

Constructs	Purchase Intention	Celebrity Endorsement	Core Product Perception	Surrogate Advertising
Purchase Intention	1			
<i>p-value</i>	0.00			
Celebrity Endorsement	0.59**	1		
<i>p-value</i>	0.00	0.00		
Core Product Perception	0.62**	0.58**	1	
<i>p-value</i>	0.00	0.00	0.00	
Surrogate Advertising	0.67**	0.68**	0.67**	1

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

Regression analysis

Prior to regression analysis, all diagnostic assumptions including normality, linearity, multicollinearity, and independence of errors were verified and found satisfactory (Sharma & Chaudhary, 2018).

Table 5
Impact of Celebrity Endorsement and Core Product on Surrogate Advertising

Predictor Variable	Beta (β)	t-Value	Sig.
Celebrity Endorsement	0.13	2.33	0.09*
Core Product Perception	0.05	1.72	0.03*

Dependent Variable = Surrogate Advertising; R = .69; R² = 0.48; Adj. R² = 0.47; S.E. = 0.33; F = 59.32; p < 0.05. *Significant at 5% level.

Table 5 shows that celebrity endorsement (β = 0.13, t = 2.33, p < 0.05) and core product perception (β = 0.05, t = 1.72, p < 0.05) have significant positive impacts on surrogate advertising. Thus, H1 and H2 are confirmed. These findings are in line with McCracken (1989), who showed that celebrity endorsements affect brand perceptions and consumer behavior, and Keller (1993), who showed that positive core product perceptions significantly enhance the effectiveness of marketing communications. Celebrities and core product perceptions account for 48% of the variance in surrogate advertising (R² = 0.48).

Table 6
Impact of Surrogate Advertising on Purchase Intention

Predictor Variable	Beta (β)	t-Value	Sig.
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Surrogate Advertising	0.55	0.60	0.00***
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*Dependent Variable = Purchase Intention; R = .72; R² = 0.51; Adj. R² = 0.49; S.E. = 0.35; F = 63.24; p < 0.001. ***Significant at 0.1% level.*

Table 6 shows that surrogate advertising has a statistically significant positive impact on consumer purchase intention ($\beta = 0.55$, $p < 0.001$), accounting for 51% of the variance in purchase intention ($R^2 = 0.51$). Thus, H3 is confirmed. This result is in line with Vyas and Bissa (2018) and Tyagi and Tyagi (2018), who also found that surrogate advertising helps maintain brand awareness and consumer purchase intentions in a restrictive advertising environment.

Mediation analysis

Mediation analysis was conducted using Hayes's PROCESS Macro Version 5.0 (Hayes, 2022) with bootstrapping based on 5,000 resamples. Confidence intervals that exclude zero indicate statistically significant indirect effects.

Table 7

Direct Effects

Path	B	S.E.	t	Sig.
Celebrity Endorsement → Purchase Intention	0.22	0.08	2.42	0.021*
Core Product Perception → Purchase Intention	0.19	0.07	2.54	0.031*

*Significant at the 0.05 level.

Table 8

Indirect Effects (Bootstrapped, 5,000 Samples)

Mediation Path	Indirect Effect	Boot S.E.	95% CI [LL, UL]
Celebrity Endorsement → Surrogate Advertising → Purchase Intention	0.17	0.04	[0.085, 0.270]
Core Product Perception → Surrogate Advertising → Purchase Intention	0.13	0.03	[0.060, 0.230]

Note: Confidence intervals (CI) exclude zero, confirming significant indirect effects. (Source: Field Survey, 2025)

Tables 7 and 8 show that surrogate advertising significantly mediates the effects of (a) celebrity endorsement on purchase intention, and (b) core product perception on purchase intention. Therefore, H4 and H5 are confirmed. The bootstrapped confidence intervals for both indirect effects do not include zero - [0.085, 0.270] for celebrity endorsement and [0.060, 0.230] for core product - confirming statistically significant mediation.

The significant direct effects (Table 7) and indirect effects (Table 8) suggest partial mediation: celebrity endorsement and core product perception affect purchase intention both directly and indirectly via surrogate advertising. This result is consistent with Gupta et al. (2025), who note that surrogate marketing strategies increase consumer persuasion by indirectly influencing attitudes and intentions. It also confirms Bakshi's (2012) claim that surrogate advertising is a strategic persuasion tool when direct advertising is prohibited. The application of Hayes's PROCESS Macro (2022) also supports the validity of these results, as the bootstrapped confidence intervals are more accurate than the Sobel test.

The results are consistent with the Theory of Planned Behavior (Ajzen, 1991), which suggests that intentions are determined by attitudes, subjective norms and perceived behavioural control. Surrogate advertisements function through their ability to influence all three attitudinal and normative elements that they target. The Elaboration Likelihood Model (Petty & Cacioppo, 1986) presents this explanation which states that when people encounter advertising blockages they depend on peripheral cues which include celebrity credibility and brand associations to make their decisions.

Discussion

The regression analysis supports the positive effects of celebrity endorsement and core product perception on surrogate advertising. Celebrities have a greater impact ($\beta = 0.13$, $t = 2.33$, $p < 0.05$) than core product perception ($\beta = 0.05$, $t = 1.72$, $p < 0.05$), and the two variables together account for 48% of the variance in surrogate advertising ($R^2 = 0.48$). The results of this research show that H_1 and H_2 . The study results demonstrate that both celebrity endorsement as a persuasive technique and consumer assessment of the main product determine the success of surrogate advertising.

The support for H_1 matches the results of Kumar (2011), who demonstrated that celebrity endorsements improve both brand awareness and market share. The research of Erdogan (1999) showed that endorsement success depends on the degree of celebrity endorsement and brand alignment. The research by Maharjan, Paudel and Basyal (2025) demonstrated that Nepali consumers trust celebrities with expertise, which leads to purchase intentions through brand credibility and consumer attitude relationship. The research demonstrates that in Nepal celebrities create two types of consumer influence because they enhance brand credibility. The research by Marasini and Upadhyaya (2025) showed that celebrity congruence and familiarity and likability determine how consumers

respond, while Baniya (2017) discovered that physical attractiveness and celebrity-brand fit predict brand loyalty and purchase intention. The research demonstrates that celebrity endorsement operates as a critical factor which enhances surrogate advertising effectiveness through its impact on attractiveness and credibility and brand association.

The support for H₂ is consistent with Keller (1993), who suggested that positive brand perceptions enhance consumer responses to marketing communications. According to Khodakaram and Danaei (2013), consumer involvement with core product features determines how effective advertising will be. Surrogate advertisements strengthen positive consumer attitudes toward the main product which leads to better advertising results. The Nepalese market needs this solution because Arna Beer, Ruslan Vodka, and Tuborg Beer continue their surrogate advertising campaigns while direct advertising remains prohibited. The brands use music sponsorships and events and media promotions to reach consumers while surrogate advertising helps them maintain brand visibility and recognition.

Surrogate advertising itself creates a substantial positive effect on purchase intention which results in a 51% of purchase intention variation ($R^2 = 0.51$). Therefore, H₃ is confirmed. The research reaches its most important discovery through this finding which shows how surrogate advertising operates as a powerful marketing tool in markets that restrict direct advertising methods. The high beta coefficient shows that surrogate advertising functions as an essential element which shapes consumer behavior rather than serving only as a branding tool.

The current study confirms the earlier finding which Vyas and Bissa (2018) established to show that surrogate advertising creates positive effects on consumer purchasing behavior. Tyagi and Tyagi (2018) demonstrated that surrogate advertising functions successfully to change how customers think and what they want to do. Our research demonstrates that these findings hold true for Nepal because surrogate advertising maintains its strong impact across South Asian countries which have similar advertising rules. The study results show that age of participants determines their test results because 72 percent of participants belong to the 20-30 years age range. Younger customers show a higher tendency to respond to advertisements which use entertainment elements and emotional content. The Neupane (2019) research demonstrates that social media and entertainment advertising have a strong impact on Nepali consumers who intend to make purchases. The Arna Music and Ruslan FM campaigns use entertainment

platforms to create brand recall which results in better customer engagement and increased likelihood of purchases.

The mediation analysis using Hayes's PROCESS Macro Version 5.0 shows that surrogate advertising significantly mediates the relationship between celebrity endorsement and purchase intention (indirect effect = 0.17, 95% CI [0.085, 0.270]) and the relationship between core product perception and purchase intention (indirect effect = 0.13, 95% CI [0.060, 0.230]). Given that both confidence intervals do not contain zero, H4 and H5 are supported. The significant direct effects and significant indirect effects suggest partial mediation, meaning that celebrity endorsement and core product perception have both direct and indirect effects on purchase intention through surrogate advertising.

The support for H₄ demonstrates that celebrity endorsement affects purchase intention not only through direct persuasion, but also by enhancing the effectiveness of surrogate advertising. This result is in line with Choi and Rifon (2012), who found that celebrity-product congruence enhances endorsement. It also confirms McCracken (1989), whose meaning-transfer model describes how celebrities transfer meaning and value to the brands they promote. In surrogate advertising, this is achieved through indirect advertising channels. The results also support the Elaboration Likelihood Model (ELM) of Petty and Cacioppo (1986), which states that when central persuasion routes are blocked, peripheral cues such as celebrity attractiveness, credibility and familiarity play a greater role. Given the prohibition of direct advertising for alcohol and other products, surrogate advertising is a strong peripheral persuasion route, and celebrities play a critical role in its effectiveness.

The support for H₅ shows that core product perception enhances purchase intention via surrogate advertising. This insight builds on Keller's brand equity model by demonstrating that favourable brand perceptions are not only valuable as passive assets but also as active advertising resources. When the core product is already liked and trusted, surrogate advertising is a regulatory-compliant way to strengthen these perceptions and translate them into purchase intention.

Gupta et al. (2025) provided additional evidence for this conclusion by demonstrating that surrogate marketing improves consumer persuasion through its ability to shape their brand perceptions of the primary product. Bakshi (2012) identified surrogate advertising as a method to persuade customers because direct advertising

methods were forbidden in particular markets. The Advertisement (Regulation) Act 2019 of Nepal prohibits direct advertising of alcohol and tobacco and gambling but permits surrogate advertising, which makes this method highly effective. Through surrogate advertising brands use legal methods to maintain brand visibility which helps them control how customers view their products and increase sales. Surrogate advertising functions as an advertising alternative which connects brand value with celebrity endorsements and consumer buying behavior.

Theoretical synthesis

The present findings are well supported by and extend several theories. The Theory of Planned Behavior (Ajzen, 1991) suggests that behavioural intentions are determined by attitudes, subjective norms and perceived behavioural control. The current findings indicate that surrogate advertising works by indirectly changing the attitudinal component of this model - surrogate advertising with celebrity endorsements changes attitudes toward the core product, and positive perceptions of the core product are the attitudinal foundation for surrogate advertising. The Elaboration Likelihood Model (Petty & Cacioppo, 1986) offers additional explanatory insights: when the central route (direct advertising) is prohibited by law, the peripheral route - which is mediated by celebrity appeal and brand associations - becomes the dominant mode of persuasion, and surrogate advertising is the vehicle through which this peripheral route is realised.

The Theory of Reasoned Action (Fishbein & Ajzen, 1975) also helps to explain these results, as it connects attitudes and subjective norms to intention. Surrogate advertising, by keeping brands like Arna Beer and Ruslan Vodka in the public consciousness and shaping social norms around these brands through music and entertainment media, arguably also works on the subjective norms component normalising consumption in ways that indirectly support purchase intention. This multi-faceted operation of surrogate advertising, as empirically demonstrated by the partial mediation findings, implies that the persuasive structure of surrogate advertising is more sophisticated and robust than previously recognised.

Finally, Cognitive Dissonance Theory (Festinger, 1957) explains why Nepalese consumers are still open to surrogate advertising, despite its indirect and potentially obvious nature. When consumers already hold positive attitudes towards a brand's primary product, surrogate advertising alleviates potential dissonance by offering socially acceptable and entertainment-oriented channels that are consistent with, rather than

inconsistent with, these attitudes - and thus maintain and strengthen purchase intentions even without direct advertising.

Conclusion

This research offers empirical evidence that surrogate advertising is a powerful and effective predictor of purchase intention in Nepal, both directly and indirectly through its role as a mediator between celebrity endorsement/core product and purchase intention. The results demonstrate that although celebrity endorsement and core product perceptions have a direct impact on purchase intention, their impact is significantly enhanced when mediated through carefully designed surrogate advertising.

In terms of practical implications, marketers in regulated industries in Nepal should focus on creating eye-catching and informative surrogate advertising. Celebrities and brand image building are best leveraged through a well-integrated surrogate advertising strategy, allowing brands to stay in the market, engage consumers and influence purchase intentions even in a highly regulated market.

This research adds to the scant empirical evidence on surrogate advertising in emerging markets, especially in South Asia. The study's confirmation of surrogate advertising as a mediator between celebrity endorsement/core product and purchase intention contributes to the theoretical development of indirect marketing communication in a regulatory environment. In addition surrogate advertising not only influences consumer purchase intention but also raises important societal concerns and signals the need for clearer national regulations and improved consumer awareness in Nepal.

Future studies should include larger and more representative samples to improve generalizability. Causal inference would become possible through the use of longitudinal and experimental research methods. Future research should investigate how consumer skepticism and regulatory knowledge and digital media literacy interact to affect surrogate advertising.

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