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Impact of Celebrity Endorsement on Customer Behavior in Nepalese Commercial Banks

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ABSTRACT

This study aims to establish the influence of celebrity endorsement on behavior among customers of Nepalese commercial banks. This study employs a descriptive research design. A self-administered survey questionnaire was used as the main primary data gathering instrument. A total of 300 questionnaires were administered (25 for each of 12 commercial banks). Out of them, 69.67 percent of questionnaires were returned and used. Different statistical tools such as mean and regression analysis were used for the analysis. Cronbach's alpha was used to analyze the reliability of the data. Descriptive statistics show the celebrity endorsement of Nepalese commercial banks affects customers and these customers have moderately perceived that their behavior is to some extent influenced by celebrity endorsement. However, the regression results indicate that celebrity endorsement has a negative impact on customer behavior in Nepalese commercial banks. Therefore, to create a positive impact of celebrity endorsement, companies need to make strategic decisions with regard to the usage of celebrities in advertising campaigns. The companies should also ideally choose certain celebrities who have a high degree of legitimacy in the minds of the majority of the customers in the country.

Keywords: Behavior, Celebrity, Customer, Endorsement, Impact

Introduction

In recent times, the banking industry in Nepal is growing tremendously. However, it has continued to experience high-level competition. Effective use of advertisement is considered to be essential for winning in the competition. In today's context, advertisement through the use of celebrity endorsement has been found as a useful means of creating product awareness and perception in the minds of target customers (Martey & Frempong, 2014; Samar & Samreen, 2015, and Omorodion & Osifo, 2019).

The importance of celebrity endorsement has been well recognized and well respected in modern-day marketing. Celebrity endorsement advertising has become a major feature of modern-day marketing, which can be proved by the amount of money invested in celebrity endorsement. A celebrity endorser is an individual who enjoys public recognition on behalf of a consumer good by appearing with it in an advertisement. Youths of today see celebrities as role models and opinion leaders due to their social status and fame. They tend to emulate these celebrities' lifestyles; the way they dress, the way they talk and even look like them physically (Okorie, Oyedepo & Akhidenor, 2012). The definition of the term celebrity has expanded a lot in the current context. In the present time, mostly a movie star, TV star or, the singer used to be labeled a celebrity, but in the real and current context, any individual who is successful and eminent in any discipline can be attributed to the group of celebrities (McCracken, 1989).

Celebrity endorsement advertising represents the best means of stimulating customer purchase intention. Companies hope to motivate consumers to purchase products based on the reputation of the celebrity endorser and transfer the image of that celebrity to the product/service being endorsed. Choosing the right celebrity endorser thus is essential to overall marketing strategy success. Celebrity endorsements affect consumer purchase intention (Rai & Sharma, 2013; Haider, 2018). Krishnamurthi and Raj (1985) found that advertising has significant effects on perceptions of the quality of consumers. Thus, it is assumed that an advertisement from celebrities is not only effective as it captures the attention of the consumers to buy the product being promoted but also create a long-lasting memory in the minds of consumers as this will influence the consumers to purchase the product repeatedly (Owusu-Mensah, Nimssah, & Mensah, 2013). Tantisenepong et al. (2012) identified that celebrity endorsers have a significant impact on the perceived target market for a product. Rehman et al. (2014) stated

that advertising has a positive and statistically significant effect on the buying behavior of a consumer. Hamouda (2018) examined that there is a significant relationship between informativeness, entertainment, credibility, and social media advertising value.

In the context of Nepal, the advertising has been a vital tool for the impression of the products and services. Advertising has been the backbone of commercial banks in the selling of their service and products to the market and potential customers. The banks which are endorsed by celebrities have a higher and positive influence on customer behavior. Based on this ground, this study wants to establish the influence of celebrity endorsement on behavior among customers of Nepalese commercial banks.

Objectives of the study

The major objectives of this study are:

- a. To explore the customer perception of celebrity endorsement practiced by Nepalese commercial banks.
- b. To examine the impact of celebrity endorsement on customer behavior in the Nepalese commercial banks.

Literature Review

This section presents the review of key concepts used in this study including customer behavior and celebrity endorsement.

Customer Behavior

Consumer behavior is the actions and decision processes of people who purchase goods and services for their own consumption. Consumer behavior refers to the methods involved when individuals or groups choose, buy, utilize, or dispose of products, services, concepts, or experiences to suit their needs and desires (Solomon, 1995). It is a behavior that consumers display in searching for, paying for, using, evaluating, and disposing of products and services that they think will satisfy their needs (Schiffman & Kanuk, 2007). Ramachander (1988) argued that consumer behavior is a convergence of three fields of social science, they are individual psychology, social psychology, and cultural anthropology. It is particularly important to study the subject of consumer behavior as it facilitates firms to plan and execute superior business strategies (Khaniwale, 2015). Out of many factors, it is assumed that celebrity endorsement can have a positive impact on consumer behavior.

Celebrity Endorsement

Celebrity endorsement can play an important role in the business (Pokharel & Pradhan, 2017). It is one of the most common advertisement tactics used by businesses to generate awareness, help recall, and obtain positive feedback about their goods and services. Companies and corporations use celebrities in order to make the ad more appealing and profitable. Today, millions of rupees are invested per year by many businesses to endorse their product by famous celebrities.

Customer's perceptions and intentions to buy a product are related to its characteristics or to imitate a personal figure that is using it. However, the disseminated image will take time once relying on the traditional means of advertising. In the twenty-first century, most likely every individual is influenced by promotions, in particular when it involves its favorite celebrity. The latter is known as celebrity endorsement. Such commercials influence clients mentally and answer their needs. It also enhances their purchasing intention, behavior, and disposition (Rai & Sharma, 2013).

Celebrities endorsing marks in ads are considered marks' ambassadors. Their names wind up connected to the brand. They contribute to transmitting the message fluidly to the group of onlookers by conveying the expected picture. Customer conduct can vary between individuals, and it is affected by itself. The purchasing conduct and intention can be influenced by the image of endorsing celebrity. Those are also contingent upon intrinsic and extrinsic factors, e.g. culture, psychology, society, family, educational background, economy, etc. Celebrity based ads communicate their contents and aim for ad recall and brand appeal. Endorser holds a central role in the latter scheme by capturing the consumer's attention toward himself and the advertisement. Then the advertisement becomes for both the endorser's image and brand. The presence of celebrities might incur consequences on consumers relevant to their perception of the brand, their brand preferences, and their willingness to buy (Kumar, 2010).

Celebrity endorser's attractiveness has a positive impact on consumer's purchase intention. With celebrities vouching for or promoting their products, brands can increase awareness, trust, and familiarity, which are important variables in the purchase decision-making process. Consumers feel more sympathetic towards a brand if their products are promoted by a celebrity they admire or relate to. Celebrity endorsement influences the conduct and decision-making toward the promoted product or brand (Khatri, 2006). Thus, it is assumed that there is a significant positive relationship between celebrity endorsement and consumer behavior. The findings of some empirical studies are presented below:

Table 1. Empirical studies and their findings

Researcher(s)/Date	Major findings
Martin & Bush (2000)	All the role models have a significant influence on the purchase decisions made by adolescents.
Hsu & McDonald (2002)	There is a significant relationship between the endorsed product and various celebrities.
Pascal et al. (2002)	Increases in advertising-evoked nostalgia lead to a more favorable attitude toward the advertisement.
Khatri (2006)	There is a significant positive relationship between celebrity endorsement and consumer behavior.
Van der Waldt et al. (2007)	There is a significant correlation between correspondence inference and attitudes towards the celebrity
Tantisenepong et al. (2012)	Celebrity endorsers may have a significant impact on the perceived target market for a product.
Wang et al. (2012)	Celebrity endorsements, advertising appeal, and advertising effects significantly and positively affect consumer purchase intentions.
Baniya (2017)	Celebrity matchups have a significant and positive impact on attitudinal and behavioral loyalty.
Pokharel & Pradhan (2019)	Celebrity endorsement is positively related to consumer buying behavior in an advertisement.

Many factors like celebrity trustworthiness, celebrity expertise, celebrity respect, celebrity attractiveness, and celebrity similarity of celebrity endorsement can have an impact on customer behavior. However, this study considers some of the important ones such as buying intention, attractiveness, effectiveness, informative, trustworthy, and attention.

Research Methodology

This study employs a descriptive research design to deal with celebrity endorsement and its impact on customer behavior in Nepalese commercial banks. A self-administered survey questionnaire was used as the main primary data gathering instrument. Each statement was measured on a Likert scale. 5-point Likert scale was used for the survey of which 5=strongly agree and 1=strongly disagree. In total 300 questionnaires (25 in each of 12 commercial banks of Nepal) were administered. A total of 209 (69.67%) questionnaires were returned and utilized for the study. Table (2) presents the demographic characteristics of the respondents.

Table 2. Demographic characteristics of respondents

Demographic characteristics	No. of responses	Percentage
Gender		
Male	81	38.75
Female	128	61.25
Total	209	100
Age		
Below 20	2	0.96

22-25	60	28.71
26-30	73	34.93
31-35	34	16.27
36-40	18	8.61
41 and above	22	10.53
Total	209	100
Academic Qualification		
Intermediate and below	8	3.83
Bachelor	82	39.23
Masters and above	119	56.94
Total	209	100
Marital Status		
Single	108	51.67
Married	101	48.33
Total	209	100
Profession		
Student	60	28.71
Employee	98	46.89
Self-employed	33	15.79
Others	18	8.61
Total	209	100

Different statistical tools such as mean and regression analysis were used for the analysis. Cronbach's alpha was used to analyze the reliability of the data.

Results and Findings

This section presents the empirical results and findings of this study.

Customer perception of celebrity endorsement

To fulfill the first objectives, this section presents customer perceptions of celebrity endorsement. The respondents were asked questions about their view on celebrity endorsement influencing customer behavior. The following Table (3) shows the percentage, frequency, mean of the respondent's perception regarding celebrity endorsement.

Table 3. Customer perception on celebrity endorsement in Nepalese Commercial Banks

Statement		5	4	3	2	1	N	Mean
You buy a product/service which is endorsed by a celebrity.	F	34	26	74	35	40	209	2.90
	%	16.3	12.4	35.4	16.7	19.2	100	
	A%	28.7		35.4	35.9		100	
You get attracted to buy a product/ service endorsed by a celebrity.	F	35	43	60	29	42	209	3
	%	16.7	20.6	28.7	13.9	20.1	100	
	A%	37.3		28.7	34			
You think that ads having celebrities are more effective than those which don't.	F	43	47	53	34	32	209	3.17
	%	20.5	22.5	25.4	16.3	15.3	100	
	A%	43		25.4	31.6			

You find a products/services endorsed by celebrities are informative.	F	32	42	57	37	41	209	2.94
	%	15.3	20.1	27.3	17.7	19.6	100	
	A%	35.4		27.3	37.3			
You find products/services endorsed by celebrities are trustworthy.	F	25	36	52	45	51	209	2.71
	%	12	17.2	24.9	21.5	24.4	100	
	A%	29.2		24.9	45.9			
Celebrity endorsed ad grab an audience's attention more easily than a standard the ad.	F	82	72	38	12	5	209	4.02
	%	39.2	34.4	18.2	5.7	2.5	100	
	A%	73.6		18.2	8.2			
Weighted average mean								3.12

The majority of the respondents (35.9 percent) disagreed that they buy the product/service that is endorsed by a celebrity, whereas (28.7 percent) of the total respondent agreed on the statement. However, the rest of the respondents (35.4 percent) were indifferent to the statement.

Likewise, the majority of the respondents (37.3 percent) agreed that they get attracted to buy a product/service endorsed by a celebrity. However, the respondents (34 percent) did not agree and the rest of the respondents (28.7 percent) were indifferent to the statement.

The table indicates that the majority of the respondents (43 percent) agreed that ads having celebrity are more effective than those which don't. However, some of the respondents (31.6 percent) disagreed with the statement whereas the rest of the respondents (25.4 percent) were indifferent to the statement. Similarly, the majority of the respondents (37.3 percent) disagreed that products/services endorsed by celebrities are informative. However, some respondents (35.4 percent) agreed and the rest of the respondents (27.3 percent) were indifferent to the statement.

Likewise, the majority of the respondents (45.9 percent) disagreed with the statement that products/services endorsed by celebrities are trustworthy. However, few of the respondents (29.2 percent) agreed and the rest of the respondents (24.9 percent) were indifferent to the statement. Similarly, the majority of the respondents (73.6 percent) agreed that Celebrity endorsed ad grab an audience's attention more easily than a standard ad. However, few respondents (8.2 percent) disagreed and the rest of the respondents (18.2 percent) were indifferent to the statement.

The mean of the influence of celebrity endorsement in Nepalese Commercial Banks ranges from a minimum value of 2.71 to the maximum value of 4.02. Among them, the most significant observations of the respondents are Celebrity endorsed ad grab an audience's attention more easily than a standard ad with a mean value of 4.02, whereas the most insignificant observation is products/services endorsed by celebrities are trustworthy with a mean value of 2.71.

Status of celebrity endorsement and customer behavior

This section presents the general status of celebrity endorsement and customer behavior.

Table 4. Status of Celebrity Endorsement and Customer Behavior

Study Variables	Mean	Cronbach's Alpha
Celebrity Endorsement	3.12	0.86
Customer Behavior	3.74	0.79
Note: <i>The reliability results show that both the variables are reliable with Cronbach's alpha of 0.86 and 0.79 which are greater than 0.70.</i>		

The results show that the mean scale for the influence of celebrity endorsement in Nepalese Commercial Banks is 3.12. The result indicates that customers are influenced by celebrity endorsement in Nepalese commercial banks. Likewise, the mean scale for the customer behavior in Nepalese Commercial Banks is 3.74. The result indicates that customer behavior is influenced by celebrity endorsement in Nepalese commercial banks.

Impact of Celebrity Endorsement on Customer Behavior

To fulfill the second objective, this section presents the impact of celebrity endorsement on customer behavior with the consideration of regression analysis. More specifically, Table (5) presents the regression results of celebrity endorsement on customer behavior.

Table 5. Regression results of celebrity endorsement on customer behavior

Model	Intercept	Regression coefficients of celebrity endorsement	Std. Error of the Estimate	F-value
1	15.199 (31.915)**	-0.074 (0.511)**	2.075	0.261

Notes:

The figures in parenthesis are t-values.

*The asterisk signs (**) and (*) indicate that the results are significant at 1 percent and 5 percent level respectively.*

Customer behavior is the dependent variable.

The results show the beta coefficient for celebrity endorsement is -0.074 with customer behavior. This indicates that celebrity endorsement has a negative impact on customer behavior.

Conclusions and Implications

The study discusses the impact of celebrity endorsement on customer behavior in the context of Nepalese Commercial Banks. The study considers celebrity endorsement as the independent variable and customer behavior as the dependent variable.

Descriptive statistics show the celebrity endorsement of Nepalese commercial banks affects customers and these customers have moderately perceived that their behavior is to some extent influenced by celebrity endorsement. However, the regression result shows that the beta coefficient for celebrity endorsement is negative with customer behavior. This indicates that celebrity endorsement has a negative impact on customer behavior in Nepalese commercial banks. It could be due to the neutral response of a large portion of customers. This finding is consistent with the findings of Hsu and McDonald (2002). However, this result contrasts with the findings of many previous researchers such as Martin and Bush (2000); Pascal et al. (2002); Khatri (2006); Van der Waldt et al. (2007); Tantisenepong et al. (2012); Wang et al. (2012); Baniya (2017); and Pokharel & Pradhan (2019). Today's companies need to make their customers happy (Shrestha, 2019). They also need to serve and fulfill customers' requirements (Shrestha, 2018). To create a positive impact of celebrity endorsement, companies need to make strategic decisions with regard to the usage of celebrities in advertising campaigns (Choudhury & Iyer, 2008; Van der Waldt et al., 2007; and Hsu & McDonald, 2002). The companies should also ideally choose certain celebrities who have a high degree of legitimacy in the minds of the majority of the customers in the country.

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