THE INFLUENCE OF CELEBRITY ENDORSEMENT ON ACTUAL PURCHASE BEHAVIOUR WITH MEDIATING ROLE OF BRAND EQUITY: A STUDY ON LOCAL FOOD BRANDS

By

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ABSTRACT

With fiercely intense competition, having a good product alone seems inadequate to sustain and be among the top notch product in the market. To do so, marketing strategy of most business firms relies heavily on advertising to promote their products and capitalize the most prominent technique in this modern era which is the use of celebrity endorsement. Nowadays, celebrities are claimed as the most influential icons that people admire and easily attracted to. This influential power has seen to give a huge impact on most businesses especially by strengthening the company’s or product’s brand. In the meantime, having an excellent brand is considered as the most valuable asset for a company. It can be achieved by managing the brand equity in the right way. This intangible asset provides value for both the consumer and the firm. It is believed that having attractive advertising strategy that capitalizes celebrity endorsement to promote the products may increase the value of the brand which in turn can stimulate consumers to buy. Therefore this research is conducted to gain insight into the influence of celebrity endorsement towards actual purchase behaviour of consumers and investigating the impact of brand equity as the mediating variable between these two constructs. This study also intended to explore the Malaysian food brands specifically for the packaged food products. It is certainly undeniable that our local food brands still cannot compete with international origin brands. National brands are deemed as unfamiliar and unattractive enough to win the heart of consumers. Due to this crucial issue, research is conducted to examine the consumers’ purchasing behaviour of local food brands. In fact, the purpose of this research is to figure out the dimensions of celebrity endorsement that highly influence consumer’s actual purchase behavior and whether the presence of brand equity will mediate the relationship between celebrity endorsement and actual purchase behaviour of local food brands. To achieve the objectives, questionnaire was constructed and distributed to 300 respondents in Penang. Findings shown that celebrity endorsement has significant relationship with actual purchase behaviour and attractiveness of celebrity becomes the major factor in influencing consumers to buy local food brands. Results also revealed that brand equity mediates the relationship between celebrity endorsement and actual purchase behaviour and brand awareness is the most influential factor towards this relationship.

Keywords: celebrity endorsement, brand equity, actual purchase behaviour, local food brands
ABSTRAK

Dengan persaingan yang semakin sengit, mempunyai produk yang baik sahaja tidak mencukupi untuk bertahan dan menjadi produk yang terkemuka. Salah satu teknik yang terkenal dalam era yang serba moden ini ialah dengan menggunakan selebriti sebagai sokongan sebagai salah satu strategi pengiklanan. Pada masa kini, selebriti dianggap sebagai ikon yang paling mempengaruhi di mana orang mudah minat dan tertarik. Kuasa mempengaruhi ini dilihat dapat memberi impak yang besar kepada kebanyakan perniagaan terutama dalam mengukuhkan jenama syarikat atau produk dan menarik lebih banyak pengguna untuk membuat pembelian. Dalam masa yang sama, mempunyai jenama yang baik dianggap sebagai asset yang paling berharga untuk sesebuah syarikat. Ia bermula daripada kaedah yang betul dalam menguruskan ekuiti jenama yang merupakan asset tidak ketara yang memberi nilai kepada syarikat dan pengguna. Adalah dipercayai bahawa mempunyai strategi pengiklanan yang menarik yang menggunakan selebriti untuk mempromosikan produk dapat meningkatkan nilai jenama di mana ia merangsang pengguna untuk membuat pembelian. Oleh hal yang demikian, kajian ini dijalankan untuk memperoleh pemahaman tentang pengaruh sokongan selebriti terhadap gelagat pembelian sebenar pengguna dan mendedahkan setiap dimensi ekuiti jenama untuk melihat impaknya sebagai pembolehubah pengantara antara kedua-dua elemen ini. Kajian ini bertujuan untuk meneroka jenama makanan buatan Malaysia terutamanya produk makanan dalam bungkus. Tidak dinafikan bahawa makanan berjenama tempatan masih belum mampu menyaingi jenama luar negara. Jenama kebangsaan disifatkan tidak popular dan tidak cukup menarik untuk menambah hati pengguna. Disebabkan oleh kerumitan ini, kajian dijalankan untuk mengkaji gelagat pembelian pengguna terhadap makanan berjenama tempatan. Malah, tujuan kajian ini adalah untuk mendapatkan dimensi sokongan selebriti yang paling kuat mempengaruhi gelagat pembelian yang sebenar dan jika kemunculan ekuiti jenama akan menjadi pengantara untuk hubungan antara sokongan selebriti dan gelagat pembelian sebenar terhadap makanan berjenama tempatan. Untuk mencapai objektif, kajian soal selidik dibina dan diedarkan kepada 300 responden di Pulau Pinang. Dapatan kajian menunjukkan sokongan selebriti mempunyai hubungan yang signifikan dengan gelagat pembelian sebenar dan daya tarikan selebriti menjadi faktor utama dalam mempengaruhi pengguna untuk membeli makanan berjenama tempatan. Keputusan juga menunjukkan bahawa ekuiti jenama menjadi pengantara bagi hubungan antara sokongan selebriti dan gelagat pembelian sebenar, dan kepekaan terhadap jenama merupakan faktor utama yang mempengaruhi hubungan ini.
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CHAPTER 1

INTRODUCTION

1.1 Overview

This section is an overview of chapter 1 and outlines the importance of each sub topics. In chapter 1 it contains introduction that covers the research background of study, elaboration of problem statement, research questions, research objectives, significance of study, scope of study and limitation. Research background explains briefly about the food and beverage industry in Malaysia, the packaged food products in Malaysian perspectives, the actual purchase behaviour of consumers towards local brands, governmental support, and importance of celebrity endorsement and branding towards influencing actual purchase behaviour. Next in problem statement, it presents the issues of purchasing behaviour from consumers and the demand of local food and beverage in the market. Research questions outline the important questions to be answered at the end of this research while research objectives present the aims to be achieved throughout the study. Following this, the significance of study section explains about the importance and contributions of this research to a few parties. In scope of study, researcher describes the context of study to be covered such as the category of food and beverages, location of study and the theories of concern. At the end of this chapter, researcher briefly explains the limitation and constraints in conducting the research.

1.2 Background of the Study

Actual purchase behaviour is the willingness and ability of consumers to buy a product or a service. Actual purchase behaviour of consumer can be identified
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