



**School of Commerce**  
**College of Business and Economics**  
**Department of Marketing Management**

**The Impact of Celebrity Endorsement in  
Creating Awareness and Motivating  
Consumers Towards Buying Bank Service; In  
the Case of Ethiopian Banking Industry**

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**June, 2017**  
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**Addis Ababa University  
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**A Thesis submitted to the School of Commerce Graduate Studies of Addis  
Ababa University in partial fulfillment of the requirements for the degree of  
Masters of Arts in Marketing Management**

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## **Declaration**

I, the undersigned, declare that this thesis is my original work and has not been presented for a degree in any other university, and that all sources of material used for the thesis have been duly acknowledged.

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**May, 2017**

## **Confirmation**

This thesis can be submitted for examination with my approval as a university advisor.

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**Getie Andualem (PhD)**

**May, 2017**

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## **Abstract**

*In marketing, different tools are used to promote the product and make the consumer aware of it. Among all these tools, celebrity endorsement is one of the most emerging, successful and effective tool. Celebrity endorsement is an advertising strategy whereby companies use people of public recognition as spokespersons for their products. Today, the attitude, taste, preferences and buying pattern of consumers are changing rapidly and consumers are becoming more literate and aware of the products that they use to fulfill their needs and wants. Celebrity endorsement is a very successful and commonly practiced strategy for major firms to create and improve company's brand image. Attractiveness, expertise, trustworthiness, and familiarity can contribute to celebrity endorsement and also use to measure celebrity endorsement. The main focus of this research paper is to examine the impacts of celebrity endorsement on customer's awareness and motivation towards the bank service. This study was limited on Ethiopian banks that implement celebrity endorsement as their marketing strategies these are: Awash international bank, Abyssinia bank, Bunna international bank, Commercial bank of Ethiopia, Oromia international bank, and Zemen bank were the focus area of the study. The researcher used explanatory research method in order to explain the impact of celebrity endorsement in creating awareness and motivating consumers towards buying their services. The target populations for the study were customers of the Ethiopian banking industry in Addis Ababa and have endorsed celebrities as a promotional strategy. Sample size was calculated as 400 is the appropriate sample size. The procedure of sampling for selecting sample respondents was multiple stage sampling. Data were collected from customers through a structured questionnaire prepared in both Amharic and English languages. Responses from the customers of the selected banks were filled in to computer and analyzed using SPSS software. The study utilized both descriptive statistical analysis and multiple regression analysis. The finding of the study shows that there is a direct and positive relationship between celebrity endorsement and customer motivation. The coefficients of the regression equation show that the independent variables (credibility and familiarity) have positive relationship with the dependent variable (Customer Awareness). While the independent variables (attractiveness and expertise) have negative relationship with dependent variable (customer awareness). On the other hand the coefficient of the regression equation shows that all the independent variables positive relationship with dependent variable (customer motivation).*

**Key words: Celebrity Endorsement, Attractiveness, credibility, expertise, familiarity, customer awareness and motivation**

## **Acronyms**

TV- Television

SPSS- Statistical package for social science

CLRM- Classical Linear Regression model

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

In today's competitive world consumers are exposed to thousands of voices and images in magazines, newspapers, and on billboards, websites, radio and television. Advertisers attempt to steal at least a fraction of a person's time to inform him or her of the amazing and different attributes of the product at hand. Because of the constant media saturation that most people experience daily, they eventually become numb to the standard marketing techniques. The challenge of the marketer is to find a hook that will hold the consumer's attention such as media message content and the hooks that can hold the consumer's attention are the celebrities.

In marketing, different tools are used to promote the product and make the consumer aware of it. Among all these tools, celebrity endorsement is one of the most emerging, successful and effective tool. Advertisement is "the professional persuasion" that is convene to create awareness about what is being offered. Advertising is integral part of the society and economic systems for both consumers and businesses. It helps to deliver carefully prepared messages to target audiences thus facilitating marketing programs of the products and services of most organizations. Today celebrity endorsement has become one of the most popular forms of advertising (Choi & Rifon, 2007). Flipping through the various television channels, print media and radios or social media consumers find quite a number of endorsements.

Celebrity endorsement has been defined as: "Any individual who enjoys public perception and who uses this perception on behalf of a consumer well by show up with it in an advertisement" (McCracken, 1989). Most of the television channels are now using celebrity endorsers to promote brands (Erdogan et al., 2001). The increase in popularity of celebrity endorsement can be attributed to the ability to grab audience's attention thus giving entrepreneurs a better chance for communicating message to consumers. The use of celebrities is believed to help consumers remember the message of the advertisement and the brand name the celebrity is endorsing, enables to create the personality of a brand because when a celebrity is paired with a brand, this image helps shape the image of that brand in the minds of consumers (Agrawal & Kamakura, 1995).

Advertisers try to hire such celebrities for endorsement who are not only attractive (Baker and Churchill Jr 1977) but credible as well (Sternthal, Dholakia et al. 1978). Together these aspects cast a comprehensive impact upon the customers, as most of the customers prefer those celebrities who are credible and trustworthy, some like those who are attractive and possess charming physical features, and some look for and consider both of these dimensions. Additionally, advertisers also look for a proper (or at least some) match between the celebrity's personality and product's attributes. This match-up also proves to be successful because the congruence of features from the celebrity and the product targets the senses of the customer more positively and leads to the development of favorable perceptions about the brand (Michael 1989, Ohanin 1991).

Giving a brand 'face' is more than just a marketing strategy to increase sales or gain market share. A truly designed celebrity endorsed commercial can change the future of the brand forever (Blazey&Ganti, 2005) and as celebrities enjoy Specific image, high profile, public recognition a company can bank on this while this face opens his/her mouth on behalf of the company product produced consumer by appearing with it in an advertisement (McCracken 1989). Nowadays, in Ethiopia In order to get high market share of product some of the organization become adaptive with their brands are endorsed by celebrities for creating awareness and motivating there customer's. The main purpose of this paper is to investigate the impact of celebrity endorsement in creating awareness and motivating customers.

## **1.2 Background of the Study Area**

### **History of Banking in Ethiopia**

Modern banking in Ethiopia was introduced in 1905. At the time, an agreement was reached between Emperor Menelik II and a representative of the British owned National Bank of Egypt to open a new bank in Ethiopia. February 15, 1906 marked the beginning of banking in Ethiopia history when the first Bank of Abyssinia was inaugurated by Emperor Menelik II. It was a private bank whose shares were sold in Addis Ababa, New York, Paris, London, and Vienna. In 1931, Emperor Haile Selassie introduced reforms into the banking system and the Bank of Abyssinia was liquidated and became the Bank of Ethiopia, a fully government-owned bank providing central and commercial banking services until the Italian invasion of 1936. During the Italian invasion, Bank of Italy was formed a legal tender in Ethiopia. In 1943, after Ethiopia regains its independence from fascist Italy, the State Bank of Ethiopia was established, with 2 departments performing the separate functions of an issuing bank and a commercial bank. In 1963, these functions were formally separated and the National Bank of Ethiopia (the central and issuing bank) and the Commercial Bank of Ethiopia are formed. In the period up to 1974, several other financial institutions emerged including the state owned as well as private financial institution. State owned financial institutions includes;

#### **Determinants of Ethiopian Commercial Banks Profitability**

- The Agricultural and Industrial Development Bank (Finance state owned enterprises)
- The Savings and Mortgage Corporation of Ethiopia
- The Imperial Savings and Home Ownership Public Association (Provided savings and loan services)

In addition, private financial institutions of the time include; The Addis Ababa Bank The Banco di Napoli and The Banco di Roma.

Generally, the following five principal events have been occurred in Ethiopian banking history related to Ethiopia political instability since 1905. The first event was establishment of the Bank of Abyssinia in 1906, marking the advent of banking into the country, The second event was fascist Italian invasion in 1936, when, following liquidation of the Bank of Ethiopia, a broad colonial banking network, extended to encompass all Italian possessions in the Horn of Africa (Eritrea, Ethiopia and Somalia) and closely linked with the metropolitan financial system, was set up in the country, The third event was, in 1943, establishment of the State Bank of Ethiopia, marking the rebirth of the Ethiopian independent banking. This occurred during World War II after liberation of the country from fascist Italy, The fourth event was the revolution of 1974, which wiped out the monarchy, Nationalized companies and shaped a “socialist banking” two-tier model “suited” to Ethiopia, the whole credit system being based on the central bank and three state Owned financial institutions, each of them enjoying monopoly in its respective market and The fifth event was the collapse of socialist regime followed by a financial sector Reform and liberalization according to Monetary and Banking Proclamation number 84/1994.

After 1974, the banking business could not move further because of the nationalization of private investments by the socialist regime that came into power leaving only three government banks; the National Bank of Ethiopia, the Commercial Bank of Ethiopia and agricultural and Industrial Development Bank (Mortgage Bank). This was reversed when the socialist regime was overthrown in 1991. Subsequently, the licensing and supervision of Banking Business Proclamation No. 84/1994 was issued in 1994 which led to the beginning of a new era for Ethiopia banking sector. Immediately after the enactment of the proclamation private banking companies began to flourish, leading to 12 private banks and one public owned commercial bank (excluding the two non- commercial public owned banks which are Development Bank and Construction and Business Bank) operating in Ethiopia as of the current year 2011.

### **1.3 Statement of the Problems**

Celebrity endorsements are a popular marketing communication's strategy globally. Yet, there is limited understanding of how celebrity endorsements influence consumers' motivation and awareness towards the product and its service of an endorsed brand.

Celebrities are people who enjoy public recognition by a large number of people and enjoy a high degree of public awareness (Akhila B P., 2015). An endorsement on the other hand is a testimonial in a marketing communication which could be a written or spoken statement in favor of a product and is given by a party other than the maker of the product (Ateke, 2013). Celebrity endorsement is an advertising strategy whereby companies use people of public recognition as spokespersons for their products (Melford&Nwulu, 2015)

Today, celebrity endorsement is being seen as more and more essential part in an integrated marketing communication strategy. Every marketer wants to use it. However, there is also a great risk behind the use of the celebrities. The celebrity personality should match with the products personality of target market and with the society. Today, the attitude, taste, preferences and buying pattern of consumers are changing rapidly and consumers are becoming more literate and aware of the products that they use to fulfill their needs and wants. Today, celebrity endorsement is a very successful and commonly practiced strategy for major firms to create and improve company's brand image (Arora and Sahu, 2014).

Senthilnathan and Tharmi (2012) empirically examine the relationship between customer based brand equity and purchase intention in relation to branded baby soaps and the results reveal that there is a positive significant linear relationship between customer based brand equity and purchase intention, Sharma and Kumar (2013) conclude that the celebrity endorsement when in sync with the customers' tastes can, therefore, indeed lead to brand loyalty and Bahiru D.2015 determine that consumers have positive attitude towards the celebrity endorsed bank advertisements .

Moreover, celebrity endorsement has its own impediment in creating awareness and motivation towards customer who will use or are using the service and product of the industry.

Attractiveness, expertise, trustworthiness, and familiarity can contribute to celebrity endorsement and also use to measure celebrity endorsement. Motivation is defined as Internal desires to perform a particular task, people do certain activities because it gives them pleasure, develops a particular skill, or it's morally the right thing to do. According to Teo et al., (1999, p. 26). Motivation refers to the reason why we perform certain activities for inherent satisfaction or pleasure. Deci et al., (1999) has suggested that when individual's intentions or behaviors are prompted by intrinsic motivations such as enjoyment, they will be more willing to persist in such intentions or behaviors in the future.

The Ethiopian banking industry is composed of 18 banks (2 government owned and 16 private owned) and can be considered to be at its early stage of development where all the private banks are established following the 1991 economic reform. These banks spent large amount of money yearly on advertisement and related promotional activities. In order to stand out of the advertising clutter and gain consumers' attention, some of the banks are using well-known endorsers in their advertisements. Awash International Bank has been the pioneer in using celebrity endorsed advisements through endorsers; Artist Serawit Fikre and Mulualem Tadesse. And Abyssinia endorses its brand to artist wubshet workalemahu, similarly Commercial Bank of Ethiopia is currently using Artist Alemayehu Tadesse to endorse its products and services while Bunna International Bank uses Artist Fekadu T/Mariam and Meseret Mebrate. Very recently, Athlete Haile G/Sellassie and Artist Tewodros have joined the industry endorsing Zemen Bank, and oromia international Bank, respectively.

The above mentioned studies have found the effect, impact and relationship between celebrity endorsement on consumer behavior and purchase intention. However, this study explores the impact of celebrity Endorsement in creating awareness and motivation to utilize the service of Ethiopian Banking industry.

## **1.4 Basic Research Questions**

- What is the existing practice of celebrity endorsement in Ethiopian banking industry?
- Does attractiveness, trustworthiness, expertise and familiarity of the celebrity can affect awareness and motivation of customers to utilize the service of the banks?
- What is the relationship between celebrity endorsement and customer awareness and customer Motivation?

## **1.5 Objectives of the study**

### **1.5.1 General objective of the study**

The main objective of the study is to examine the overall impact of celebrity endorsements in creating awareness and motivating consumers in the Ethiopian banking industry.

### **1.5.2 Specific Objectives**

The specific research questions are:

- To identify the existing practice of celebrity endorsement in the banking industry.
- To examine the attractiveness, trustworthiness, expertise and familiarity of celebrity can affect awareness and motivation of customers to utilize the service of the banks.
- To identify the relationship between the celebrity endorsement and Customer awareness and motivation to utilize the banks service.

## **1.6 Definition of Terms**

### **1.6.1 Celebrity**

Christina and Schlecht defines that “Celebrities are people who enjoy public recognition by a large share of a certain group of people whereas attributes like attractiveness, extraordinary lifestyle are just examples and specific common characteristics cannot be observed though it can be said that within a corresponding social group celebrities generally differ from the social norm and enjoy a high degree of public awareness.” (Schlecht, 2003), Anonymous, Business Standard, Dec, 2003).

Celebrities are inviters who invite the people to buy the product or service with enormous power in Ads than any other due to their credibility and distinctive position that leads towards intention to buy. In current marketing environment attention, capturing towards Ads is also done by the endorsers, which produce positive results to advertisement and greater purchase intentions (Brajesh and Gouranga, 2011).

Celebrities are considered to bring attention towards advertisement due to their likeability and attractiveness (Erdogan, 2001). Celebrity in advertisement is chosen not only based on popularity but also accessing the several dimension of celebrity for the best match with product they are endorsing, how suitable JunaidJamshed will be in Ad of toilet cleansers, or a male for endorsing women fairness creams? In the same way endorser's physical attractiveness is also a big count for great social acceptance. So with brand attributes celebrity attributes are of the same importance for success of the product. Erdogan (1999) focused that persuasive and convincing technique of celebrity is based on attributes attached with celebrity, which make endorsement more effective.

### **1.6.2 Celebrity Endorser**

Celebrity endorser is any individual who enjoys public recognition and who uses this recognition on behalf of a consumer good by appearing with it in advertisement. It is deliberately broad to encompass not only the usual movie and television stars but also individuals from the world of sport, politics, business, art and the military (Friedman, Termini and Washington 1977)

### **1.6.3 Celebrity Endorsement**

Celebrities appear in public in different ways such as events, special performance, magazines and mass media channels as Facebook, they will tell a story about the brand to promote products and services. Besides that, Endorsement is a channel of communication where celebrities can act as spokesperson of the brand and by extending their popularity and personality they certify the brand's claim and position (Kotler, 2009). Celebrity endorsement is still commonly used by marketers because consumers still pay attention, believe in famous people and widely recognizable person attracts greater attention than non-celebrity endorser (Ohanian, 1991; Atkin and Block, 1983). The reason why companies using celebrity endorsement as a spokesperson is that their huge influences; it can make consumers pay attention and recall of the brand or services. Customers can increase awareness of a company's advertising that create positive feelings toward brands and are perceived by consumers as more entertaining (Solomon, 2002).

## **1.7 Significance of the Study**

We are in the era of globalization where marketing practice and strategies of developed countries conquered our world. Celebrity endorsement is one of the most famous tool of advertising in recent time. In effect of these influence, celebrity endorsements have also been growing in the

Ethiopian market. Many studies about celebrity endorsement have been conducted in many countries. As far as the researcher's review and knowledge, much research has not been conducted on the subject matter in Ethiopian context. Thus, the researcher believes that this study will provide insight to marketers in Ethiopia the impact of celebrity endorsement on creating awareness and motivating consumers. The study is also useful in inviting further researches in the area which will contribute to the growth of the subject matter.

### **1.8 Scope of the Study**

This study was limited on Ethiopian banks that implement celebrity endorsement as their marketing strategies these are: Awash international bank, Abyssinia bank, Bunna international bank, Commercial bank of Ethiopia, Oromia international bank, and Zemen bank were the focus area of the study. Due to the time constraint the data collection was focused on the above banks customers that found in Addis Ababa and the study emphasized on branch that has large number of customers which will be discovered by their grades. In addition the study investigated some degree of source of celebrity endorsements: Attractiveness, expertise, trustworthiness, and familiarity and it is only celebrity endorsed advertisements made on TV and printed media that used in order to facilitate the data collection which was conducted by using probability and non-probability sampling techniques.

### **1.9 Organization of the Paper**

The research paper consisted of five chapters. The first chapter is the introductory chapter and contains statement of the problem, research questions, and objective of the study, significant of the study, scope of the study and limitation of the study. The assessment of the theoretical foundations and relevant literatures were presented in chapter two. The third chapter dealt with the methodology used in the research activity. Data analysis and interpretation of the research results were discussed in Chapter four. The final chapter covered the discussion of results, conclusions and recommendations. In addition other sections, namely, list of references and annexes are also parts of the research framework.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter presents the review of existing literatures in the area of celebrity endorsements in order to familiarize readers with better understanding of the subject matter. Definition, advantage and disadvantages of celebrity endorsement as well as the different models in celebrity endorsement are discussed in this chapter. Finally, the chapter presents the conceptual framework of the study together with the hypothesis formulated.

#### **2.2 Theoretical Review**

##### **What Is Celebrity Endorsement?**

Celebrity endorsement is a form of advertising campaign that involves a well-known person using their fame to help promote a product or service (Eshaghpour, 2010). When celebrities endorse products it gives that brand an automatic leg up on the competition. There were certain forms of celebrity endorsements, which included print advertising in magazines, television advertising, products used in movies and television programs, mention of luxury brand in music, inviting celebrities to be co-creators in designing products and naming products after celebrities (Eshaghpour, 2010).

This communication strategy benefits from the widespread belief that celebrities positively influence the image of the advertised brands, such that a key outcome is a favorable effect on brand image” (Erfgen, 2011).

The power of the celebrity (celebrity endorsement image) as reflected by the market niche’s (target) perception of the celebrity’s personality, credibility, popularity value and attractiveness gives the consumers’ appeal and acceptability of the endorsed brand some openness. The openness to change worked upon by the strength of psychological commitment between brands and consumers and the associated power of communication of the endorser change beliefs, ideas and shifts about a brand; thus promoting brand switch, changing loyalty status, and greater influence on evaluation of brand and its purchase intentions” (Cohoi and Rifon 2007).

##### **Concept of celebrity**

According to Gupta (2009) Celebrity was a person whose name could grab public attention, arouse public interest and generate profit from the public. Celebrities are well-known individuals

(television stars, movie actors and actresses, famous athletes, pop stars, entertainers, etc.) who owe their fame to their achievements.

### **Celebrity Endorser**

McCracken (1989, p.310) defined celebrity endorser as “any individual who enjoys public recognition and who uses this recognition on behalf of a consumer good by appearing with it in an advertisement”. While Stafford et al., (2003) gave a clear definition by defining celebrity endorser as, a famous person who uses public recognition to recommend or co-present with a product in an advertisement.

### **Celebrity Endorsement**

Celebrity endorsement is a form of advertising campaign that involves a well-known person using their fame to help promote a product or service. When celebrities endorse products it gives that brand an automatic leg up on the competition. There were certain forms of celebrity endorsements, which included print advertising in magazines, television advertising, products used in movies and television programs, mention of luxury brand in music, inviting celebrities to be co-creators in designing products and naming products after celebrities (Eshaghpour, 2010).

### **Sources of Celebrity Endorsement**

All of firms have invested large sums of money to align their brands and corporate images with celebrity endorsers ‘qualities such as attractiveness, likeability, and trustworthiness (Atkin and Block, 1983). On the other hand, according to Ohanian (1990), the credibility of celebrity is considered to consist of three constructs: attractiveness, trustworthiness, and expertise.

Attractiveness, expertise, trustworthiness, and familiarity can contribute to celebrity endorsement and also use to measure celebrity endorsement.

### **Trustworthiness**

Trustworthiness meant consumer's confidence in the source for providing information in an objective and honest manner (Ohanian, 1991). Marketers take the advantage of these set of values by employing celebrities those are most regarded as trustworthy, honest believable and dependable among their fans and people (Shimp 1997). When the communicator was perceived to be high trustworthy, an opinionated message was more effective than a non-opinionated communication in producing attitude change.

Source credibility model based on the credibility of the endorser, the truth worthiness and the trust the customer has on the endorser. Extend to which customer believe endorser as enterprise. Expertise extends to which customer belief that endorser have knowledge, skillful and experience about the brand. When company uses expert endorser it's positively affect the buying intention of customer (Erodogan 1999). Truth worthiness is basically about extended to which customer belief that endorser is honest and believable and they can trust on the endorser. When there is highly percentage of these aspects.

Shoeb and Khalid (2014) in one of the newest research on celebrity endorsement concluded that the consumers have a more personal relationship with the brand which has an image trustworthy with the image of an ideal celebrity, especially when the brand and celebrity image fit together. The study also shows that how this personal relationship is formed. Also, the effect of celebrity endorsement is moderated by the symbolism of the brand, so that the brands which are associated with something from consumers have stronger effects than the brands that do not have this connection. Regarding the ideal celebrities, the positive effects of congruence and image harmony have stronger influence on brands that have a symbolic communication with the consumers of that brand (compared with other brands). The study showed that consumers are motivated for personal needs to use a brand that is supported by a celebrity, and purchase a commodity that can build and show off their identity.

### **Attractiveness**

Source attractiveness refers to the endorser's physical appearance, personality, likeability, and similarity to the receiver, thus to the perceived social value of the source (Solomon 2002). Attractiveness does not mean simply physical attractiveness, but includes any number of virtuous characteristics that consumers might perceive in a celebrity endorser. Physical attractiveness suggests that a celebrity determines the effectiveness of persuasion as a result of that consumers wanting to be like the endorser and wanting to identify themselves with that endorser (Cohen and Golden, 1972).

Attractiveness is a social value which recipients attribute it to a receiver. This value is concerned with physical landscape, personality, social status, or similarity to the recipient (we are naturally predisposed to listen the people that are like us). One study showed that our brains tend to pay more attention to the celebrities and to process the information relevant to them more efficiently

than normal people. Celebrities increase awareness to a firm and reinforce corporate image and brand attitudes. The main reason for the efficiency of celebrities' power is that this special group of people encompasses cultural meanings, and they represent important categories such as the status and social class, and so on (Solomon, 2013).

According to product match up hypothesis it is very necessary that the celebrity personality must match with brand features or attributes. More the degree of match between brand and endorser, more the successful match up would be. The advertisements in which endorser (celebrity) and brand have high degree of fitness have more ability to influence the customer buying behavior (Micheal 1989). That why now a day s companies are focusing on making a proper matchup between the endorser and brand attribute when they select celebrities as their brand endorser. For product celebrity match up the physical attractiveness of celebrity is also very important. Especially for the beauty product attractive celebrities have more ability to persuade because customer believe as product make endorser beautiful so it will work in real (Kamins 1990).

### **Expertise**

Expertise can be defined as the perceived ability of an endorser to make or provide valid assertions. With regard to expertise, it isn't important that the celebrity is really an expert in the field. It is important that consumers think and believe a celebrity has expertise (Ohanian, 1990). It includes the knowledge, experience and skills developed by the endorser while working in the same field. The consumer will look to the celebrity for expertise, and if he feels that the celebrity is knowledge enough he will buy the endorsed product.

### **Familiarity**

Familiarity is the audience's knowledge of the source through exposure (Sameen, 2013). Familiarity with the celebrity is a continuous variable which reflects the direct and indirect level of experience of the consumers with the product (Alba and Hutchinson, 1987, quoted by Robert et al., 1994). The target market must be aware of the person, and perceive him or her as empathetic, credible, sincere and trustworthy.

It was observed by Escalas&Bettman 2003) that consumers associate or dissociate themselves from brand based on celebrity endorsement on the basis of their self-related needs, such as "self-enhancement." "Consumers may construct their self-identity and present themselves to others

through their brand choices based on the similarity between brand-user associations and self-image associations” (Escalas and Bettman 2005).

The aggregation of this characteristic makes an optimistic collision on the client, because frequently buyer like the celebrities for the trust worthiness, some people like their attractiveness and material trait. Most significantly the company focus contest between the celebrity personality and product or brand features or attributes. Similarity mean the extent to which customer believe endorser are similar to them, familiarity mean how much customer have information about the endorser, like ability mean how much customer have affection and endorser due to their physical attractiveness (Guire, 1969).

Advertisers strive to rope in such celebrities for endorsement who are not only attractive (Baker and Churchill Jr 1977) but credible as well (Sternthal, Dholakia et al. 1978) as these factors in combination creates a comprehensive impact in consumer’s mind. Consumers associate better with celebrities who are credible and trustworthy, some like those who are attractive and possess charming physical features, and some look for and consider both of these dimensions. “Additionally advertisers also look for an appropriate match between the celebrity’s personality and product’s attributes. This match-up also proves to be successful because the congruence of features from the celebrity and the product targets the senses of the customer more positively and leads to the development of favorable perceptions about the brand” (Michael 1989, Ohanin 1991).

Marketers can choose among the different forms of celebrity endorsement to promote their products and/or services. Khatri (2006) stated the four commonly used forms of celebrity endorsements as: Testimonial: refers to the situation where the celebrity personally used a product or service and gives a testimonial citing its benefits and qualities, Endorsement: is the case where celebrities lend their names to ads for product or services for which they may or may not be the experts, Actor: here a celebrity may be asked to present a product or service as a part of character enactment rather than personal testimonial or endorsement and Spokesperson: A celebrity who represents a brand or company over extended periods of time often in print and TV ads as well as in personal appearances is usually called a company’s spokesperson.

The corporation desire the personality for endorsement of trademark not only on the basis of their desirability but expectation merit image in community (Dholakia, 1978). Companies must

be careful in top quality celebrities as endorser for their goods because sometime a slight fault or erroneous step in endorser assortment process can make their operation objective less. And this will eventually step back the brand on the place where it is. (Kaikati, 1987, Till and Shimp, 1995).

### **Advantage and Disadvantages of Celebrity Endorsement.**

According to many studies using celebrity endorsement has a lot of advantages; Establishment of credibility – approval of a brand by a star fosters a sense of trust for the brand among the target audience especially in case of new products, Ensured attention- celebrities ensure attention of the target group by breaking the clutter of advertisements and making the advertisement and the brand noticeable, Higher degrees of recall- people tend to commensurate the personalities of the celebrity with the brand thereby increasing the recall value of the product, Associative benefit- a celebrity's preference for a brand gives out a persuasive message. Because the celebrity is benefiting from the brand the consumer will also benefit thus this perception increases the sales or consumer's attachment to the product, Psychographic connect-celebrities are loved and adored by their fans and advertisers use stars to capitalize on these feelings to sway the fans towards their brands, Demographic connect- different stars appeal differently to various demographic segments such as age, gender, class and geographic location among others. This helps in reaching different target groups, and Mass appeal- some stars have a universal appeal and therefore prove to be good bet to generate interest among the masses.

And some of the disadvantage of using celebrity endorsement are; The reputation of the celebrity may derogate after he or she has endorsed the product- incase the celebrity used has a tarnished name; the behavior of the celebrity reflects on the brand thus affects the audience attitudes towards the product that they endorse.the vampire effect- in case the celebrity overshadows the brand. This makes the audience to remember the celebrity and not the product being and Multi brand endorsement by the same celebrity would lead to overexposure. The novelty of a celebrity gets diluted if he does too many advertisements, thus the advertisement might not have major influence or meaning to the audience.

### **Celebrity Endorsement Models**

Advertisers go for celebrity endorsement because of its greater benefits and immense possible influence. There are certain potential advantages of celebrity endorsement, celebrities endorsed

advertisements draw more attention as compared to those of non-celebrity ones, helps the company in re-positioning its product/brand and finally empowers the company when it's new in the market or plans to go global. However, celebrity endorsement doesn't hold sole key to success. It also presents the company with potential hazards. These might include, overshadowing, overexposure, and controversy (Erdogan 1999).

A number of models have been presented on celebrity endorsement explaining its mode of application. Four of the mostly applied celebrity endorsement models are presented in the following sub-sections.

**A. Source Attractiveness Model:** It's quite evident that customer form positive and favorable perceptions about those endorsers who are physically attractive (Erdogan 1999). Research findings show that attractive endorsers are good at influencing the beliefs of customers (Debevec and Kernan 1984). That is why most of the advertisements depict attractive celebrities (Baker and Churchill Jr 1977). This presents the advertisers with the twofold benefits of celebrity presence and physical plea (Erdogan 1999). Attractiveness doesn't solely mean physical attractiveness; instead it encompasses lifestyle of the endorser, its personality dimensions. According to McGuire (1968), three factors contribute to the effectiveness of message. These are familiarity of an endorser, similarity of an endorser and liking of an endorser. Similarity can be defined as the extent to which the receiver (customer) finds resemblance between itself and the source (endorser). Familiarity refers to that how much knowledge the receiver (customer) possess about the source (endorser). And likability is the affection the receiver (customer) develops towards source (endorser) because of the physical attractiveness of the endorser (McGuire 1968).

**B. Source Credibility Model:** The Source Credibility Model holds that effectiveness of a message is based on the perceived level of expertise and trustworthiness the customers have in an endorser (Sternthal, Dholakia et al. 1978). Expertise can be defined as the extent to which the endorser (communicator) is perceived to be knowledgeable, skillful and experienced. And the statements it makes turn out to be valid (Hovland and Weiss 1951). The benefit of using expert endorser is that it enhances brand recall and positively affects the buying intentions of consumers (Erdogan 1999). Trustworthiness can be defined as the extent to which the endorser is perceived

to be believable, honest and dependable. Greater the proportion of these aspects, higher will be the likelihood of the endorser to be selected by the advertisers (Shimp 2007).

**C. The Product Matchup Hypothesis:** The Product Match-Up Hypothesis states that there should be perfect match between the celebrity personality characteristics and brand attributes. The extent of successful match-up can be determined by the degree of fitness between the brand and the celebrity (Erdogan 1999). An advertisement in which the celebrity and the brand are highly congruent yields to be more influential and believable (Michael 1989). Today companies are exerting great emphasis upon the importance of proper match-up between the celebrity and the product. Whether it's a beverage company or any other, companies always look eager for a fitting link between celebrity's personality and product attributes. This also happens on the part of customers as they also expect congruity between celebrity and the product (Ohanian 1991). The product celebrity match-up doesn't solely rely on just ordinary congruency but on the physical attractiveness of the celebrity as well. Attractive celebrities are more persuasive specially when endorsing the products that enhance the prettiness, because customers assume that as the product enhanced the beauty of the endorser, so does it will in real (Kamins 1990). Another study revealed that only those celebrities should endorse who are congruent and perceived by the customers to have expertise as well (Ohanian 1991).

**D. The Meaning Transfer Model:** The Meaning Transfer Model holds that whenever a celebrity endorses product, customers associate certain meanings with the endorser and eventually transfer it to the brand. In simple words we may state that endorsers bring their very own meanings to the brand (McCracken 1989). According to McCracken (1989) this meaning assigning process moves along a path comprising three successive stages. The Meaning Transfer Model revolves around meanings and their transfer. Every celebrity bears a unique set of meanings, including its personality, attitudes, lifestyle and even demographic components too (gender, age). First stage is the time when customers associate meanings with the celebrity and shape its image. Second, the meanings associated with the celebrity also get associated with the brand and third, customers finally acquire the brand meaning during the consumption process.

**E. The Elaboration Likelihood Model:** According to The Elaboration Likelihood Model, two key ingredients, motivation and ability serve as the basis of elaboration likelihood. Motivation to perceive the message comprises being involved and relevancy whereas ability is based on

knowhow of the individual and analytical capability to perceive and process the persuasive message. The Elaboration Likelihood Model suggests two paths i.e. Central Route and Peripheral Route that lead to attitude change. According to the Central Route, the customer actively pays attention to the advisement and the customer level of involvement is high. Now this persuasion of advertisement may lead to either favorable response or unfavorable response by the customer which ultimately results into development of lasting positive and negative attitudes. According to the Peripheral Route, the receiver isn't actively involved and thus lacks motivation.

### **Intrinsic motivation**

Intrinsic motivation is defined as Internal desires to perform a particular task, people do certain activities because it gives them pleasure, develops a particular skill, or it's morally the right thing to do. According to Teo et al., (1999, p. 26). Intrinsic motivation refers to the reason why we perform certain activities for inherent satisfaction or pleasure. Deci et al., (1999) has suggested that when individual's intentions or behaviors are prompted by intrinsic motivations such as enjoyment, they will be more willing to persist in such intentions or behaviors in the future

### **Public Awareness**

Celebrity endorsement began in 1760s. It gained an extra potential than other advertisements. Public awareness campaigns also used celebrity endorsement well. They used celebrities to reach a mass audience. They produced commercials which conveyed the need of energy conservation starred by various Hollywood stars. Slowly people began to save energy only because it is said by a celebrity. Even kids came forward to switch off the unnecessary lights and fans.

### **The Risks of Celebrity Endorsement**

Yet even if a celebrity is a good fit for the brand, using one for endorsements has its own set of possible risks: Images change. Celebrities make mistakes. And when they do, they can affect the brands they endorse. In 2009, Tiger Woods' public image crumbled after his infidelity with a number of women, including pornography actresses, hit the news. General Motors, Gillette, Accenture, and Gatorade dropped Tiger to avoid negative perception. Nike stuck around and lost customers. And the golf industry as a whole saw a major revenue slow-down with no Tiger on the course.

Celebrities become overexposed. At the height of Tiger Woods' popularity, he endorsed over ten companies at once. When a celebrity works with so many companies, the celebrity's credibility may suffer. People may feel that the celebrity will endorse anything to make a buck.

Celebrities can overshadow brands. Consumers may focus on the celebrity, not the product. This is a particular danger when celebrities endorse multiple products at a time. David Beckham endorses a number of companies, which feature him prominently in print advertising. However, his image as the focal point of advertising devalues many products. Do you remember the brand or do you remember David Beckham? Thinking about using a celebrity for endorsement? Not a bad idea. But you might want to think twice it's a possible minefield.

### **2.3 Empirical Reviews**

Jafar et al. (2011) explore that the relationship between celebrity endorsements and the customer based brand equity of high fashion ready-to-wear products. Their results specify that celebrity endorsement does have potential to create customer based brand equity for high fashion ready-to-wear products. Further, Sivesan (2013) finds positive relationship of celebrity endorsement to customer based brand equity. Zafar and Rafique (n.d.) investigate the impact of celebrity endorsement on customers' brand perception and purchase intention. Their results indicate that celebrity endorsement has reasonable impact on customers as per their brand perception and purchase intention.

Senthilnathan and Tharmi (2012) empirically examine the relationship between customer based brand equity and purchase intention in relation to branded baby soaps and the results reveal that there is a positive significant linear relationship between customer based brand equity and purchase intention.

Anjum et al. (2012) indicate the impact of celebrity endorsed advertisements on consumers and on sales and also find out the reasons of using the celebrities in advertisements. Their results revealed that celebrity endorsers have used by the companies for brand equity and companies roping in the celebrities to enhance the product image, brand awareness, brand recall, brand retention and for brand credibility. Further, they conclude that celebrity endorsement has positive impact on company as well as brand and customers. Sharma and Kumar (2013) conclude that the celebrity endorsement when in sync with the customers' tastes can, therefore, indeed lead to brand loyalty. Moschis et al. (1984) argue that brand loyalty influenced by customers' perceived value, brand trust, customer satisfaction, repeat purchase behavior and commitment. Further, celebrity endorsement improves the perceived quality of the brand and is correlated with purchase intension (e.g., Kamins et al., 1989; Ohanian, 1991). In addition, Jain (2011) suggests

that celebrity in advertising is positively affected on consumer's brand attitude and purchase intention.

Spry et al. (2011) explore that celebrity endorsement has an indirect impact on customer based brand equity, while this relationship is mediated by brand credibility, and this mediating relationship is moderated by type of branding. Accordingly, celebrity endorsement is associated with a higher level of brand credibility (Spry et al., 2011), whereas brand credibility can build customer based brand equity (Erdem & Swait, 1998 & 2004). Moreover, the brand credibility impact on emotion and reason in consumers' decision making (e.g., Maathuis et al., 2004); consumer choice and choice set formation (e.g., Swait & Erdem, 2007) word-of-mouth and switching behaviors among customers (e.g., Sweeney & Swait, 2008); brand loyalty and customer satisfaction (e.g., Khoshsiman et al., 2013).

Notably, according to the associative network memory model, celebrity endorsement becomes a potential source of positive activation on brand equity, which has been explained by previous studies in marketing, and product and brand management (Till, 1998; Spry et al., 2011).

According to Zohra Sabunwala, (2013) Celebrity Endorsements significantly impact Brand Differentiation. Most of the beverage users associate themselves with the brand and establish congruence between their personality and that of brands. They establish a linkage between their lifestyle and that of the brand which prompts them to go for a particular brand disregarding price, availability or any other factor. The given finding is in line with the previous literature findings by several authors in the past. Various industry researchers have also endorsed the findings that celebrities do create brand differentiation. Another major conclusion that can be drawn from the study is that Celebrity Endorsement significantly impacts Brand Image. The several celebrities – brand pair was chosen to reflect the various personality types to which individual consumers can associate and to understand whether the celebrity really influences the image of the brand which ultimately attracts the consumer towards it. This finding has also been reported by many researchers and authors in the past and in several industries like automobiles, FMCG products they have proven how brand Image has been influenced by celebrity endorsements.

## 2.4 Conceptual Framework

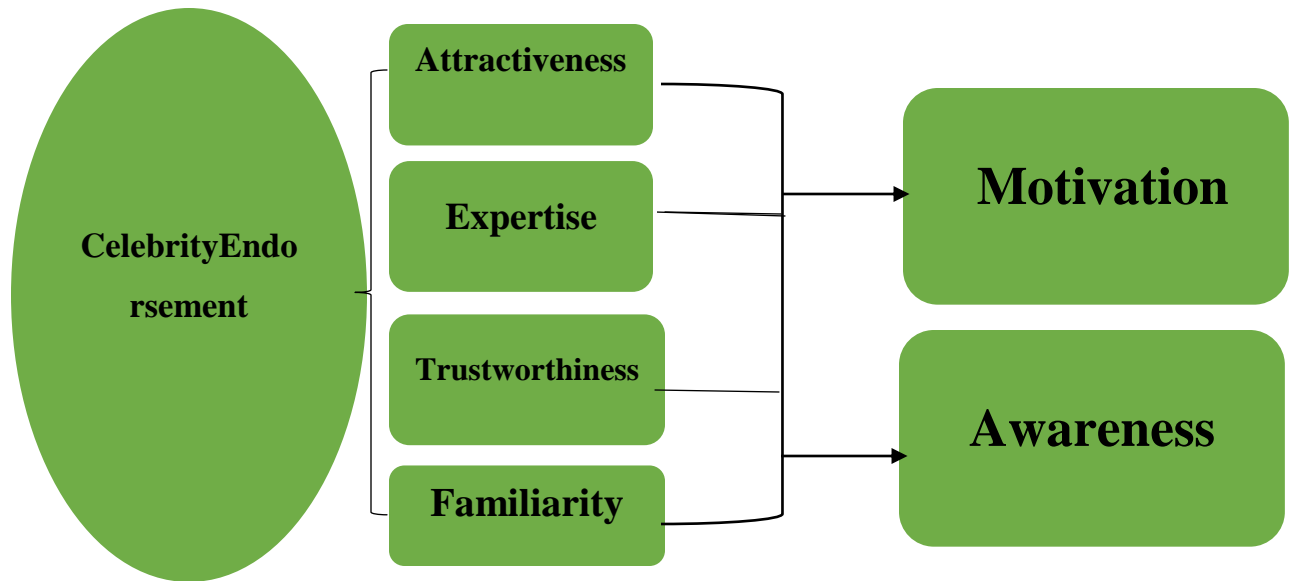


Figure 2.1 Conceptual Framework (Balachandran S., 2016)

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

#### **3.1 Introduction**

The research methodology used to achieve the objectives of this study is discussed in this chapter. The population and sample of the study, the type of data collection and the instruments use, methods of data analysis, and finally, ethical issues related to the study are explained and justified.

#### **3.2 Research Design**

Research Design refers to a set of methods and procedures that describes research variables. The research was conducted under explanatory research methods since explanatory method is where a researcher has an idea or has observed something and seeks to understand more about it. An explanatory research project is an attempt to lay the groundwork that will lead to future studies or to determine if what is being observed might be explained by currently existing theory and it attempt to connect ideas to understand cause and effect means researchers want to explain what is going on.

In addition, an explanatory research method helps to use both quantitative and qualitative measurement methods. The quantitative measurement helps to use statistical method of measurement in order to analyze and interpret what the researcher collected through distributing close ended questionnaire. The qualitative measurement helps to interpret ideas gathered through interview and open ended questionnaire. The researcher used explanatory research method in order to explain the impact of celebrity endorsement in creating awareness and motivating consumers towards buying their services.

#### **3.3 Sample Size and Sampling Techniques**

The target populations for the study were customers of the Ethiopian banking industry in Addis Ababa and have endorsed celebrities as a promotional strategy. Target Banks of the study were Commercial Bank of Ethiopia, Bunna International Bank, Oromia international bank, Abyssinia Bank, Awash International Bank, and Zemen Bank. In all of these banks the total target population was *9,000,000 loan and deposit customers*. Sample size was calculated in the following formula and has come to be *400* respondents.

The above mentioned sample size is determined by using the following statistical formula developed by Yemane Taro, 1967 as cited by Glenn D. Israel, 2009:

$$n = \frac{N}{1+Ne^2} = \frac{9,000,000}{1+9,000,000*(0.05)^2} = \underline{\underline{399.98 \approx 400}}$$

Where n= Sample Size

N= population

e = Sampling error/ level of precision e= 5%

The procedure of sampling for selecting sample respondents was multiple stage sampling. On the first stage, the particular banks that have endorsed celebrities were grouped through stratified sampling by taking the celebrity endorsed name as single strata i.e. Commercial Bank of Ethiopia, Bunna International Bank, Oromia international bank, Abyssinia Bank, Awash International Bank, and Zemen Bank. The second stage was selecting the districts or the branch of each the above six banks according to convenient sampling. Finally, for each of selected branches respondents were intercepted through calculating the proportion from the sample size.

### **3.4 Data Source**

The researcher believes that both Primary and Secondary data are relevant for the study. The primary data was obtained from primary sources like questionnaire. Moreover, secondary data will be extracted from different kinds of references books, journals, articles, reports and other necessary secondary materials.

### **3.5 Methods of Data Collection**

The study used a structured questionnaire on five Likert scale basis to obtain firsthand information through direct solicitation of responses from the six banks customers. The secondary data which were collected from existing literature formed the literature review of this study.

### 3.6 Method of Data Analysis

The data that were collected from data sources organized and statistical computations were made to explore the inherent relationships between the variables.

Responses from the customers of the selected banks were filled in to computer and analyzed using SPSS software. Simple quantitative analysis techniques such as percentage and frequency were employed. With regard to data analysis, the study utilized both descriptive statistical analysis and multiple regression analysis. Descriptive statistics mainly used to organize and summarize the demographic data of the respondent as well as their overall perception towards the celebrity endorsed advertisements.

On the other hand, multiple regression analysis was used to measure the impact of celebrity endorsement as measured by "attractiveness", "credibility", "expertise", and "familiarity" on consumer awareness to the endorsed bank products as well as consumers' motivation towards using endorsed banks services. That is, the attributes of celebrity endorsements "attractiveness", "credibility", "expertise", and "familiarity" are the independent variables while "customer awareness" and "customer motivation" are the dependent variables. These relationships are expressed in the following regression equations.

$$\text{Eq.1} \dots\dots\dots Y1 = \beta_0 + \beta_1X1 + \beta_2X2 + \beta_3X3 + \beta_4X4 + e$$

$$\text{Eq.2} \dots\dots\dots Y2 = \beta_0 + \beta_1X1 + \beta_2X2 + \beta_3X3 + \beta_4X4 + e$$

Where

Y1 – Customer awareness towards banks service

Y2 – Customer motivation towards using bank services

X1 - Attractiveness

X2 - Credibility

X3 - Expertise

X4 - Familiarity

### 3.7 Validity and Reliability

Validity: - is defined as the extent to which a measurement represents characteristics that exist in the phenomenon under investigation (Malhotra & Birks, 2007).

Reliability: - is the extent to which a measurement reproduces consistent results if the process of measurement were to be repeated (Malhotra & Birks, 2007). The validity and reliability of questions and variables were tested by pilot study measuring the characteristics of celebrity endorsement and to ensure its consistency.

After coding and entry of data into SPSS version 20, the first analysis conducted was to check the reliabilities of the scales used in the data collection instrument. According to Malhotra & Birks (2007), reliability is the extent to which a measurement reproduces consistent results if the process of measurement were to be repeated. Cronbach-alpha, a widely used measure of internal consistency, was run using SPSS 20 version and all of the scales used for this study are found to be reliable as their respective alpha values are higher than 0.6, and for most closer to 1. The Cronbach - Alpha of each scale is presented in the following table.

**Table 3.1 Reliability of Scale**

| S.N | Scale                | Cronbach's Alpha | No. of Items |
|-----|----------------------|------------------|--------------|
| 1   | Attractiveness       | 0.867            | 5            |
| 2   | Credibility          | 0.853            | 5            |
| 3   | Expertise            | 0.882            | 5            |
| 4   | Familiarity          | 0.812            | 4            |
| 5   | Customers Awareness  | 0.842            | 5            |
| 4   | Customers Motivation | 0.791            | 5            |

Source: own Survey, 2017

### 3.8 Ethical Issues

In the context of research, ethics is defined as the appropriateness of the researcher's behavior in relation to the rights of the participants or subjects of the research work (Saunders, Lewis, & Thornhill, 2009). This study was governed by the general rules of research ethics in such a way that respondents were requested to provide information on voluntary basis, there was prior communication about the purpose of the study, and confidentiality of the information was guaranteed. Moreover, the researcher was abided by the rules and regulations of the University and has conducted the study on the basis of objective judgment.

## **CHAPTER FOUR**

### **DATA ANALYSIS AND INTERPRETATION**

#### **4.1 Introduction**

In this chapter, the data collected through survey are analyzed using statistical tool of SPSS Version 20. First, the survey response rate and the reliability of the scales used are discussed followed by discussion on the respondent's profile, their perception on celebrity endorsement effectiveness, attitude towards the advertisements, the brands, and their purchase intention using descriptive statistical tools. Finally, the results of the principal component analysis and multiple regression analysis are presented.

The main purpose of the study was to examine the overall impact of celebrity endorsements in creating awareness and motivating consumers in the Ethiopian banking industry. In order to meet the objective and to address research questions of the study, the researcher has obtained necessary primary data. This chapter, data analysis and discussion, presents the results of different methods employed in the study for the sake of analyzing data. This chapter contains three sections. In the first section, the descriptive statistics analysis of the dependent and independent variables with discussion of its output were undertaken by the researchers under the study. Under the second section, correlation analysis and its discussion of correlation coefficient were carried out.

#### **4.2 Survey Response Rate**

The 400 questionnaires were administered in the month of March and April 2017 and customers were intercepted at the first grade branches of the selected banks at convenience. However, a total of 350 questionnaires were collected, of which 75 were incomplete. Thus, 285 questionnaires were found to be usable and ready for analysis, which is 71.25 % response rate.

#### **4.3 Demographic characteristics of Respondents**

The descriptive statistics was employed to investigate and present an overview of both dependent (customer awareness and customer motivation) and independent variables (Celebrity endorsement: attractiveness, credibility, expertise and familiarity) used in the study. Table 4.1 shows the descriptive statistics output of the variables.

**Table 4.1 Demographic characteristics**

| <b>Age</b>              |                  |                |                           |
|-------------------------|------------------|----------------|---------------------------|
| <b>Items</b>            | <b>Frequency</b> | <b>Percent</b> | <b>Cumulative Percent</b> |
| < 18                    | 15               | 5.3            | 5.3                       |
| 18-28                   | 116              | 40.7           | 46                        |
| 29-39                   | 89               | 31.2           | 77.2                      |
| 40-50                   | 42               | 14.7           | 91.9                      |
| > 50                    | 23               | 8.1            | 100                       |
| <b>Total</b>            | <b>285</b>       | <b>100</b>     |                           |
| <b>Gender</b>           |                  |                |                           |
| <b>Items</b>            | <b>Frequency</b> | <b>Percent</b> | <b>Cumulative Percent</b> |
| Male                    | 142              | 49.8           | 49.8                      |
| female                  | 143              | 50.2           | 100                       |
| <b>Total</b>            | <b>285</b>       | <b>100</b>     |                           |
| <b>Education</b>        |                  |                |                           |
| <b>Items</b>            | <b>Frequency</b> | <b>Percent</b> | <b>Cumulative Percent</b> |
| No education            | 2                | 0.7            | 0.7                       |
| High school finish      | 45               | 15.8           | 16.5                      |
| College diploma         | 112              | 39.3           | 55.8                      |
| University degree       | 100              | 35.1           | 90.9                      |
| MA and above            | 26               | 9.1            | 100                       |
| <b>Total</b>            | <b>285</b>       | <b>100</b>     |                           |
| <b>Occupation</b>       |                  |                |                           |
| <b>Items</b>            | <b>Frequency</b> | <b>Percent</b> | <b>Cumulative Percent</b> |
| Student                 | 11               | 3.9            | 3.9                       |
| private business owner  | 74               | 26             | 29.8                      |
| Government hire         | 116              | 40.7           | 70.5                      |
| Private limited company | 68               | 23.9           | 94.4                      |
| No job                  | 16               | 5.6            | 100                       |
| <b>Total</b>            | <b>285</b>       | <b>100</b>     |                           |
| <b>Experience</b>       |                  |                |                           |
| <b>Items</b>            | <b>Frequency</b> | <b>Percent</b> | <b>Cumulative Percent</b> |
| < 5                     | 23               | 8.1            | 8.1                       |
| (5-10)                  | 164              | 57.5           | 65.6                      |
| (10-15)                 | 73               | 25.6           | 91.2                      |
| (15-20)                 | 17               | 6              | 97.2                      |
| > 20                    | 8                | 2.8            | 100                       |
| <b>Total</b>            | <b>285</b>       | <b>100</b>     |                           |

Source: own survey, 2017

According to the above table majority of the respondents were in the age between 18-28(40.7%) which indicates that most respondents are young and are age group which follows media eagerly due to this they have the exposure to celebrity that endorsed the bank. The table also shows equivalent gender distribution among the respondents (49.8%male and 50.2%female). The education level for most of the respondents were diploma and degree holders (39.3% and 35.1% degree) which indicate that most of our respondents can be able to understand the concept of celebrity endorsement and able to respond to the questions with confidence. Most of the respondent's works in government office and private business owners (26 %private business owner and 40.7% government employees) which puts them in a perfect ground to use and know the services that are offered by those banks who have endorsed celebrities since most of the government office pay wage through banks and private business owners use checks and CPO for their payment. In the same way most of the respondents start using bank in last ten years which implies celebrity endorsement that recently begins has matched with the customers experiencing the service delivered.

#### **4.4 Descriptive statistics about existing practice of the banking industry**

In this category the focus of the descriptive statistics is to elaborate the existing attitude of the customers on celebrity endorsement vis-à-vis awareness and motivation.

**Table 4.3 Existing familiarity and expertise of the celebrity that is promoting the bank service**

| Items            | Familiarity of the bank service and celebrity as a reason |            | Expertise of the celebrity on the service of the bank |            |
|------------------|-----------------------------------------------------------|------------|-------------------------------------------------------|------------|
|                  | Frequency                                                 | Percent    | Frequency                                             | Percent    |
| Yes              | 191                                                       | 67.1       | 135                                                   | 47.4       |
| No               | 93                                                        | 32.6       | 150                                                   | 52.6       |
| missing (system) | 1                                                         | 0.3        | 0                                                     | 0          |
| <b>Total</b>     | <b>285</b>                                                | <b>100</b> | <b>285</b>                                            | <b>100</b> |

*Source: Own Survey, 2017*

According to the above table 67.1% of respondents were well aware of the service of the bank because of the celebrity that is promoting the banks service. Most of the respondents, i.e. 52.6%, believe that the celebrities that are promoting the bank service have no prior knowledge about

banking service. Therefore, one can conclude that customer’s awareness can be created through promotion and the expertise of the celebrity does not necessarily matter to address the information of the bank service to every customer who needs it.

**Table 4.4 celebrity know how and their engagement on any other activities**

| <b>In what way you have known the celebrity that is promoting the banks service?</b> |                                                                                 |                  |                |
|--------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|------------------|----------------|
|                                                                                      |                                                                                 | <b>Frequency</b> | <b>Percent</b> |
| <b>Items</b>                                                                         | he/she is actress in a drama /film that I fond of                               | 193              | 67.7           |
|                                                                                      | he/she is a famous person in the TV show activity                               | 55               | 19.3           |
|                                                                                      | he/she is a famous in a political scenario of the country                       | 14               | 4.9            |
|                                                                                      | he/she is famous in any scenario that fits the customer preferences in any case | 6                | 2.1            |
|                                                                                      | I don’t know him/her                                                            | 17               | 6.0            |
|                                                                                      | <b>Total</b>                                                                    | <b>285</b>       | <b>100.0</b>   |
| <b>Did you see the celebrity in participating in other social activities?</b>        |                                                                                 |                  |                |
|                                                                                      |                                                                                 | <b>Frequency</b> | <b>Percent</b> |
| <b>Items</b>                                                                         | social development                                                              | 141              | 49.5           |
|                                                                                      | mental development                                                              | 59               | 20.7           |
|                                                                                      | spiritual development                                                           | 42               | 14.7           |
|                                                                                      | physical development                                                            | 43               | 15.1           |
|                                                                                      | <b>Total</b>                                                                    | <b>285</b>       | <b>100.0</b>   |

Source: Own Survey, 2017

From the above table 67.7% of the respondents believe that they have known the celebrities who are promoting the bank service from famous drama or film they have seen. In addition to this, majority of the respondents have known that these celebrities have engaged on social development activities on their side. This implies that the celebrities that were/are promoting have engaged in artistic work and social development works, by which indeed they have acquired their fame.

**Table 4.5 attitude of respondents about celebrity promotion and increment of awareness and Motivation**

|  |                                                |                                                 |
|--|------------------------------------------------|-------------------------------------------------|
|  | <b>Celebrity Promotion increased Awareness</b> | <b>Celebrity promotion increased Motivation</b> |
|--|------------------------------------------------|-------------------------------------------------|

| Items        | Frequency  | Percent      | Frequency  | Percent      |
|--------------|------------|--------------|------------|--------------|
| Yes          | 206        | 72.3         | 167        | 58.6         |
| No           | 79         | 27.7         | 118        | 41.4         |
| <b>Total</b> | <b>285</b> | <b>100.0</b> | <b>285</b> | <b>100.0</b> |

*Source: own survey, 2017*

The above table shows that 72.3% of the respondents agreed that celebrity based promotion or celebrity endorsement has increased the awareness of customer about the banks service. In the same way 58.6% of the respondents believed that the celebrity promotion or endorsement has enhanced their motivation to use the banks service. One can conclude that celebrity endorsement is a very good instrument to enhance the awareness and motivation of customers towards the bank's service.

**Table 4.6 Descriptive Statistics of Celebrity Effectiveness**

| Measures of celebrity Effectiveness | Mean Score  | Std. Deviation |
|-------------------------------------|-------------|----------------|
| <b>Attractiveness</b>               |             |                |
| Unattractive/Attractive             | 3.35        | 1.318          |
| Not Classy/Classy                   | 3.39        | 1.207          |
| Ugly/Beautiful                      | 3.4         | 1.205          |
| plain/Elegant                       | 3.39        | 1.172          |
| Not sexy/sexy                       | 3.37        | 1.3            |
| <b>Average</b>                      | <b>3.38</b> | <b>1.2404</b>  |
| <b>Credibility</b>                  |             |                |
| Undependable/dependable             | 3.23        | 1.249          |
| Dishonest/Honest                    | 3.33        | 1.337          |
| Unreliable/Reliable                 | 3.31        | 1.214          |
| Insincere/Sincere                   | 3.45        | 1.333          |
| non credible/Credible               | 3.28        | 1.264          |
| <b>Average</b>                      | <b>3.32</b> | <b>1.2794</b>  |
| <b>Expertise</b>                    |             |                |
| not an Expert/expert                | 3.47        | 1.173          |
| Inexperienced/Experienced           | 3.4         | 1.188          |
| Unknowledgeable/Knowledgeable       | 3.52        | 1.143          |

|                         |               |               |
|-------------------------|---------------|---------------|
| Unqualified/Qualified   | 3.56          | 1.268         |
| Unskilled/Skilled       | 3.48          | 1.26          |
| <b>Average</b>          | <b>3.486</b>  | <b>1.2064</b> |
| <b>Familiarity</b>      |               |               |
| Incompatible/Compatible | 3.71          | 1.143         |
| not Fit/ Fit            | 3.73          | 1.13          |
| Irrelevant/Relevant     | 3.65          | 1.105         |
| not Match/Match         | 3.66          | 1.088         |
| <b>Average</b>          | <b>3.6875</b> | <b>1.1165</b> |

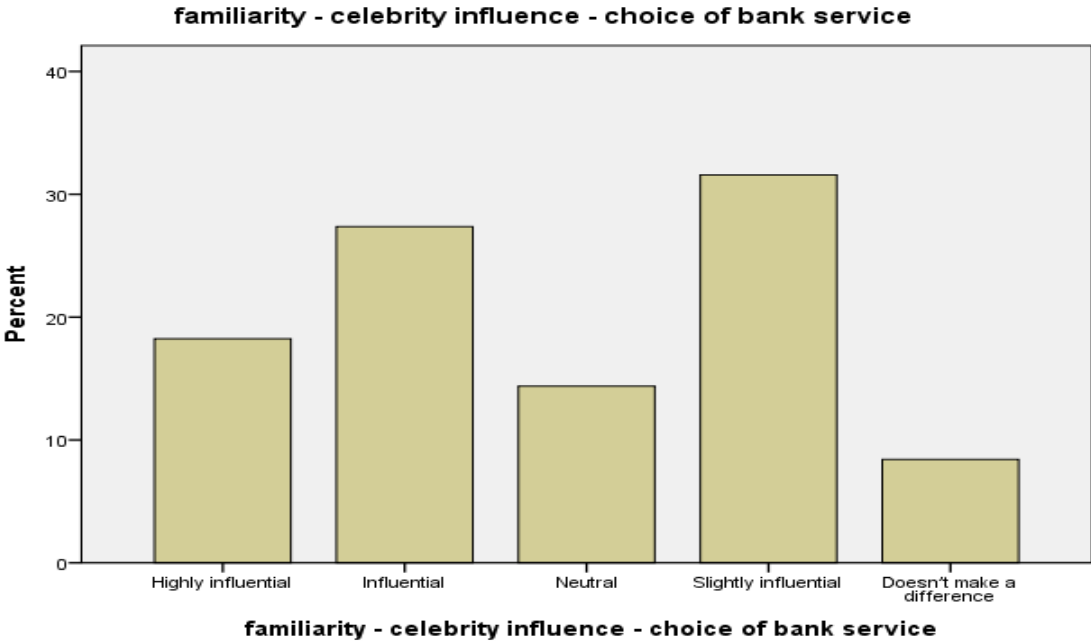
*Source: own survey, 2017*

Respondents' perception about the celebrities endorsing the bank service was measured using celebrity effectiveness measures of source credibility dimensions (i.e. "Physical attractiveness", "expertise", and "trustworthiness") and the "product/celebrity match". Table 4.6 reveals that overall the respondents perceive the celebrities endorsing the banks to be physically attractive (Mean=3.38& SD=1.2404), expertise (Mean=3.32& SD= 1.48), familiarity (Mean=3.6875& SD=1.1165), and credibility of the celebrity (Mean =3.32 & SD=1.297).

Looking at the items in each dimension, the item "Undependable/dependable" in credibility has lower mean (M=3.32) and higher variability (SD= 1.3297). Similarly, the items "credible/Credible" and "Dishonest/Honest" from credibility dimensions have lower mean and higher variability with M=3.26& SD=1.26 and M=3.36 & SD=1.218, respectively.

The celebrity that has been endorsed to promote the service of the banks, were effective enough to attract the attention of the customers by their looks and were familiar in promoting their efforts.

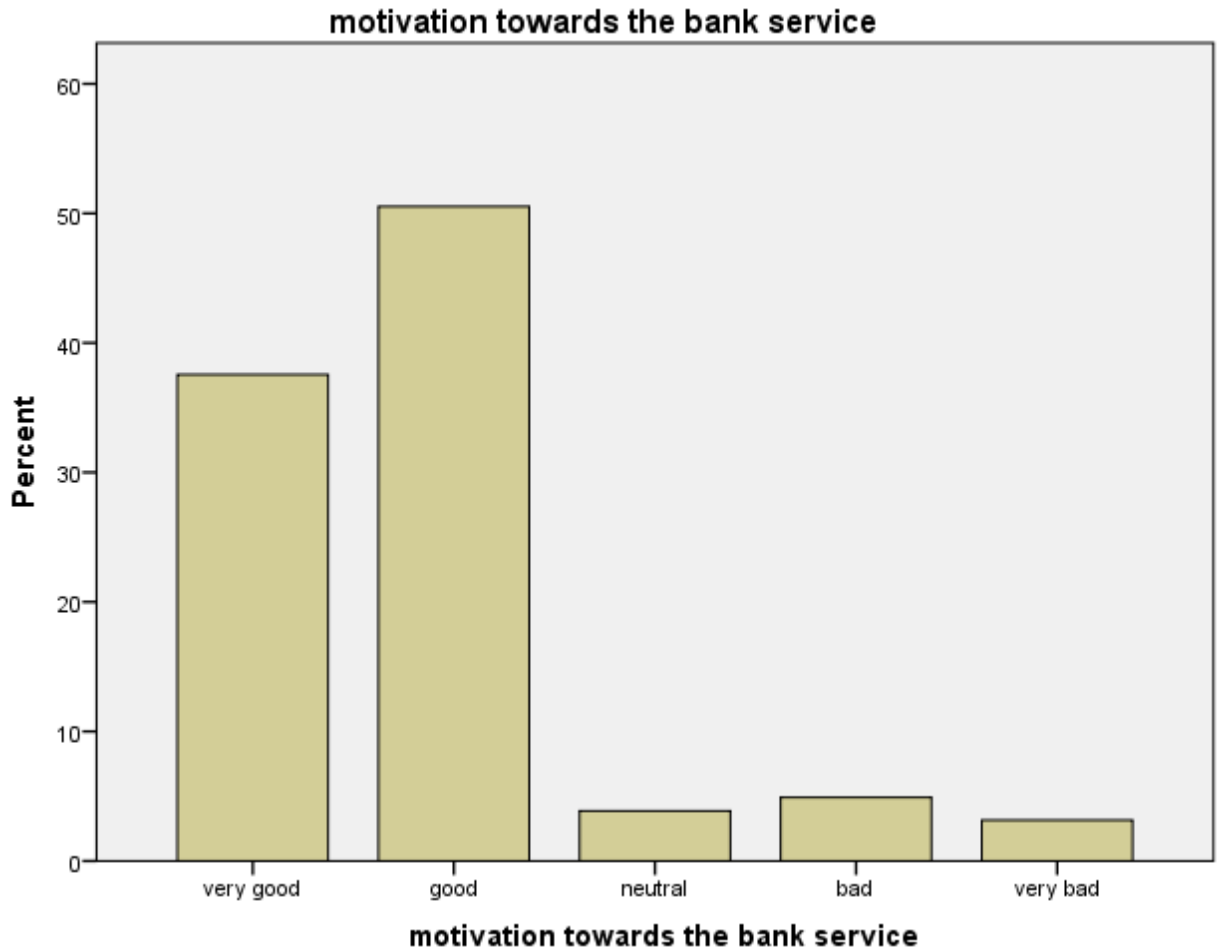
**Graph 4.1 Familiarity and motivation on the choice of bank service**



*Source: own survey, 2017*

The above bar graph shows that 31.5% of respondents have agreed that there was/is slight influence of familiarity of the celebrity on the choice of the bank service. But, 27.4% of the respondents has the tendency to incline on familiarity indeed can influence on the choice of the bank service. As most of the respondents reply there was/is no relation between the celebrities' familiarity and choice of the bank service.

**Graph 4.2 Level of Motivation of bank service**



*Source: Own Survey, 2017*

Based on the above bar graph respondents have ranked their level of motivation; for most of them the level of motivation towards utilizing the banks service is good and very good. This indicates that the existing level of derive to utilize banks is very high.

## 4.5 Correlation coefficient between independent and dependent variables

**Table 4.7 correlation result of independent variables and dependent variable**

**Correlations of the variables**

|                     | Attractiveness | Credibility | Expertise | Familiarity | Customer Awareness | Customer Motivation |
|---------------------|----------------|-------------|-----------|-------------|--------------------|---------------------|
| Attractiveness      | 1              |             |           |             |                    |                     |
| Credibility         | .324**         | 1           |           |             |                    |                     |
| Expertise           | .383**         | .475**      | 1         |             |                    |                     |
| Familiarity         | .350**         | .268**      | .489**    | 1           |                    |                     |
| Customer Awareness  | .311**         | .364**      | .399**    | .667**      | 1                  |                     |
| Customer Motivation | .292**         | .350**      | .378**    | .529**      | .727**             | 1                   |

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Source: own Survey, 2017

### **Correlation analysis results discussion between Customer motivation and each independent variable.**

The coefficient of correlation between customer motivation and Familiarity was 0.529. It shows that there is strong and positive relationship between them and also it means that when Familiarity increases by 100%, customer motivation increases by 52.9%. Another explanatory variable employed in the study was Expertise. The coefficient of correlation between customer motivation and Expertise was 0.378, which indicates that there is weak and positive correlation between customer motivation and Expertise. It further shows that if Expertise is increase by 100%, customer motivation will be decreased by 37.8%. The coefficient of correlation between customer motivation and Credibility was 0.350. This figure reveals that there is weak and positive relationship between customer motivation and Credibility. It further indicates that when Credibility is increased by 100%, customer motivation will be increased by 35.0%. The coefficient of correlation between customer motivation and Attractiveness was 0.292. This shows that weak and positive relationship between attractiveness and customer motivation. Customer motivation is increased by 29.2.% when attractiveness is increased by 100%. The relationship between Familiarity and customer motivation is a bit greater than the relationship between expertise and customer motivation, Credibility and customer motivation.

## **Correlation analysis results discussion between Customer awareness and each independent variable.**

The coefficient of correlation between customer awareness and familiarity was 0.667. It shows that there is strong and positive relationship between them and also it means that when familiarity increases by 100%, customer awareness increases by 66.7%. The coefficient of correlation between customer awareness and Expertise was 0.399, which indicates that there is weak and positive correlation between customer awareness and Expertise. It further shows that if Expertise is increased by 100%, customer awareness will be increased by 39.9%. The coefficient of correlation between customer awareness and credibility was 0.364. This figure reveals that there is weak and positive relationship between customer awareness and credibility. It further indicates that when credibility is increased by 100%, customer awareness will be increased by 36.4%. The coefficient of correlation between customer awareness and attractiveness was 0.311. This shows that weak and positive relationship between attractiveness and customer awareness. Customer awareness is increased by 31.1% when attractiveness is increased by 100%. The relationship between Familiarity and customer awareness is a bit greater than the relationship between expertise and customer awareness, and credibility and customer awareness.

## **Correlation analysis results discussion between two independent variables**

Attractiveness variable was positively correlated with all of other explanatory variables such as credibility, expertise and familiarity with correlation coefficient of 0.324, 0.383 and 0.350 respectively. Credibility was positively correlated with all other explanatory variables such as attractiveness, expertise and familiarity with correlation coefficient of 0.324, 0.475 and 0.268 respectively. The Expertise variable was positively correlated to all other explanatory variables such as awareness, credibility and familiarity with a correlation coefficient of 0.383, 0.475 and 0.489 respectively. The familiarity variable was positively correlated to all other explanatory variables such as awareness, credibility and Expertise with a correlation coefficient of 0.350, 0.268 and 0.489 respectively.

In general, all the dependent variables are positively correlated with all of independent variables with a correlation coefficient of 0.5 and greater except familiarity. Both dependent variables were positively correlated with other independent variables with correlation coefficient of less

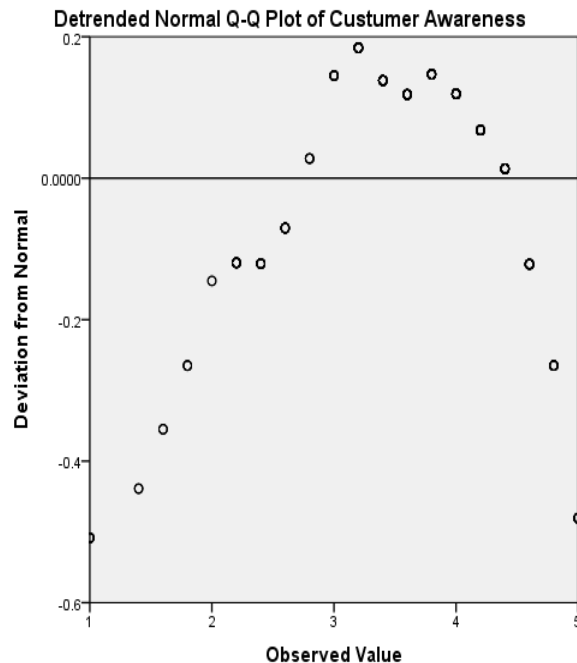
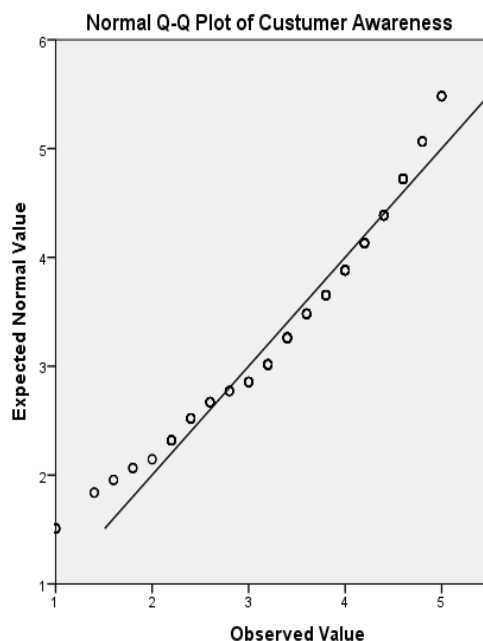
than 0.5. The highest correlation coefficient is 72.7% which was between awareness and Motivation. However, the lowest correlation coefficient is 26.8% which was between familiarity and credibility.

#### 4.6 Testing Assumptions of Classical Linear Regression Model (CLRM)

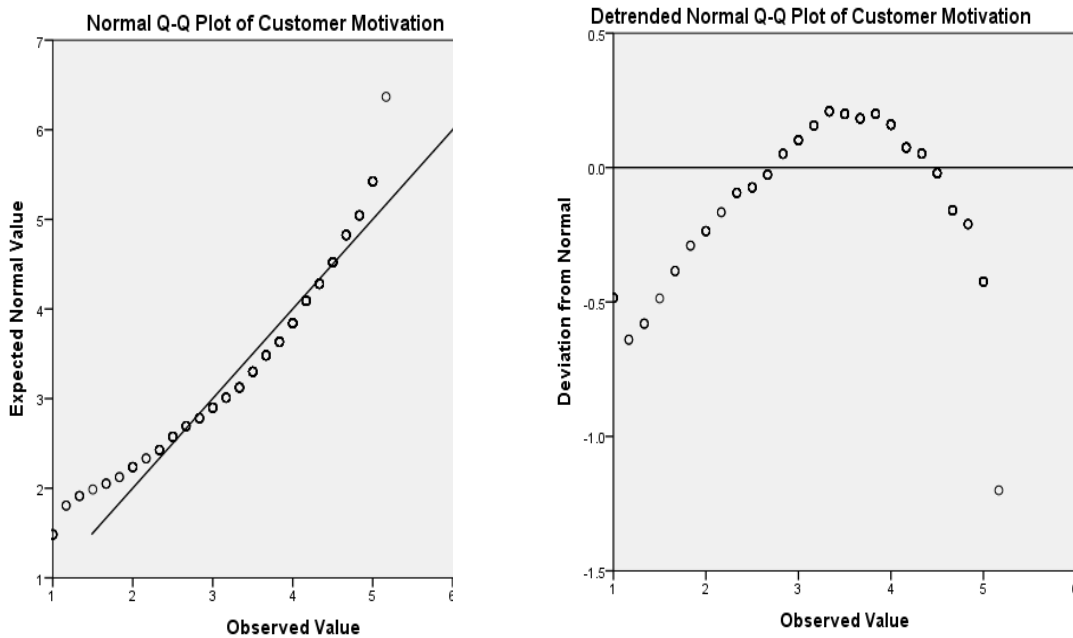
In order to draw correct estimation, using regression model to analyze the data requires certain assumptions to be fulfilled. Fulfillment of basic CLRM assumptions are tested before the regressions were run (Chris Brooks, 2008). The three different results for the tests of CLRM such as tests of normality assumption, tests for multi co-linearity, and tests for homoscedasticity, are presented on the study under this subsection.

##### I. Normality Test

Data normality test is the first test that must be done before the data was processed based on the models of the research especially, if the purpose of the research is inferential. Normality test is intended to determine the distribution of the data in the variable that will be used in the research, data were good and decent used in research is normally distributed data. To know the research data is normally distributed or not we can do normal Q-Q plot and detrended normal Q-Q plot . When a the Q-Q plot is upward linked on the line it suggests that the data may have come for a normal population. Next figures show that the shape of the Q-Q plot indicates that the data of the study are normally distributed.



*Figure 4.1 normality tests for Customer awareness*



*Figure 4.2 normality tests for Customer Motivation*

## II. Multicollinearity Test

After the normality of the data in the regression model are met, the next step to determine whether there is similarity between the explanatory variables or the independent variables in a model, it is necessary to test multicollinearity test. Similarly, between the independent variables will result in a very strong correlation, in addition this test done to avoid habit in the decision making process regarding the partial effect of independent variables on the dependent variable. good regression model should not happen correlation between the independent variables or not happen multicollinearity. If multicollinearity is less than perfect, the regression coefficients, although determinate, possess large standard errors (in relation to the coefficients themselves), which means the coefficients cannot be estimated with great precision or accuracy.

The easiest way to measure the extent of multicollinearity is simply to look at the matrix of correlations between the individual variables. (Chris Brooks, 2008). According to Li Yuqi (as

cited in Lackech, 2015) stated that multicollinearity problem exists when correlation coefficient among the explanatory variables are greater than 0.75.

Cooper & Schindler (2009) suggested that a correlation coefficient above 0.8 between explanatory variables should be corrected for because it is a sign for multicollinearity problem. Malhotra (2007) argued that the correlation coefficient can be 0.75. Lastly, Hair et al. (2006), a argued that correlation coefficient below 0.9 may not cause serious multicollinearity problem.

The output for this study as shown on below table, the correlation between the explanatory variable is less than 0.5. This shows there is no higher correlation among the four explanatory variables. It is possible to conclude that there is no multicollinearity problem among the independent variables so that the results can be successfully estimated.

**Table 4:8. Pearson correlation matrixes between Explanatory Variables**

| Correlations   |                |             |           |             |
|----------------|----------------|-------------|-----------|-------------|
|                | Attractiveness | Credibility | Expertise | Familiarity |
| Attractiveness | 1              | .324**      | .391**    | .350**      |
| Credibility    | .324**         | 1           | .469**    | .269**      |
| Expertise      | .391**         | .469**      | 1         | .487**      |
| Familiarity    | .350**         | .269**      | .487**    | 1           |

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Source: own survey, 2017

The other way to test multicollinearity by using SPSS is the VIF value of multicollinearity test. The decision making process in this study:if the VIF value lies between 1and 10, then there is no multicollinearity. And if the VIF value < 1 or > 10, there is multicollinearity. For this study the mean variance inflation factor (VIF) for both dependent variables (Customer Awareness and Customer Motivation) is 1.393.Regarding tolerance value both the dependent variables have 72.4%, from this VIF and tolerance value it will be possible to conclude that there is no multicollinearity problem among the independent variables because the result lies between 1-10 as shown below on table 4.11.

**Table 4:9. Multicollinearity Statistics**

| Model          | Customer Awareness |              | Customer Motivation |              |
|----------------|--------------------|--------------|---------------------|--------------|
|                | Tolerance          | VIF          | Tolerance           | VIF          |
| 1 (Constant)   |                    |              |                     |              |
| Attractiveness | .791               | 1.265        | .791                | 1.265        |
| Credibility    | .756               | 1.322        | .756                | 1.322        |
| Expertise      | .617               | 1.620        | .617                | 1.620        |
| Familiarity    | .733               | 1.365        | .733                | 1.365        |
| Average        | <b>.724</b>        | <b>1.393</b> | <b>.724</b>         | <b>1.393</b> |

a. Dependent Variable: Customer Awareness, Customer Motivation

Source: own survey, 2017

**III. Homoscedasticity test of independent variables towards Customer Awareness**

The coefficients of the regression equation are presented in the following table, which shows that the independent variables (credibility and familiarity) have positive relationship with the dependent variable (Customer Awareness). Whereas, the independent variables (attractiveness and expertise) have negative relationship with dependent variable (customer awareness).

**Table 4.10 coefficient of relationship between celebrity endorsement and customer awareness**

**Coefficients<sup>a</sup>**

| Model          | Unstandardized Coefficients |            | Standardized Coefficients | t      | Sig.        | 95.0% Confidence Interval for B |             |
|----------------|-----------------------------|------------|---------------------------|--------|-------------|---------------------------------|-------------|
|                | B                           | Std. Error | Beta                      |        |             | Lower Bound                     | Upper Bound |
| 1 (Constant)   | .618                        | .192       |                           | 3.228  | <b>.001</b> | .241                            | .995        |
| Attractiveness | -.057                       | .064       | -.059                     | -.886  | .376        | -.182                           | .069        |
| Credibility    | .285                        | .065       | .304                      | 4.363  | <b>.000</b> | .156                            | .413        |
| Expertise      | -.038                       | .052       | -.040                     | -.730  | .466        | -.139                           | .064        |
| Familiarity    | .617                        | .053       | .594                      | 11.535 | <b>.000</b> | .512                            | .722        |

a. Dependent Variable: Customer Awareness

The prediction equation for “Customer Awareness” is given as;

$$Y_1 = 0.618X_1 + 0.285X_2 + 0.617X_4 + 4.363$$

All the celebrity endorsement measures have positive effect on consumers' attitude towards the customer awareness, among which familiarity has the highest effect with coefficient 0.617, followed by Credibility (0.285). But, attractiveness (-0.057), and expertise (-0.038) have a

negative effect on the customer’s awareness. The t-tests were used to test the significance of the coefficient of each independent variable. The t-values of the variable are given by credibility (4.363), expertise (-0.730), attractiveness (-0.886), and familiarity (11.535), with significance level of 0.000, 0.466, 0.376, and 0.001 respectively. The significance level for credibility and familiarity is less than 0.05. This implies that the regression coefficients of the two independent variables are statistically significant. However, the other two variables i.e. attractiveness and expertise are not statistically significant.

**IV. Homoscedasticity test of independent variables towards Customer Motivation**

The coefficients of the regression equation are presented in the following table, which shows that all the independent variables (attractiveness, expertise, credibility, and familiarity) have positive relationship with the dependent variable (Customer Motivation).

**Table 4.11 coefficient of relationship between celebrity endorsement and customer motivation**

| Coefficients   |                             |            |                           |       |      |                                 |             |
|----------------|-----------------------------|------------|---------------------------|-------|------|---------------------------------|-------------|
| Model          | Unstandardized Coefficients |            | Standardized Coefficients | t     | Sig. | 95.0% Confidence Interval for B |             |
|                | B                           | Std. Error | Beta                      |       |      | Lower Bound                     | Upper Bound |
| 1 (Constant)   | .897                        | .228       |                           | 3.935 | .000 | .448                            | 1.346       |
| Attractiveness | .137                        | .076       | .136                      | 1.809 | .072 | -.012                           | .287        |
| Credibility    | .161                        | .078       | .165                      | 2.077 | .039 | .008                            | .314        |
| Expertise      | .037                        | .061       | .038                      | .596  | .551 | -.084                           | .157        |
| Familiarity    | .415                        | .064       | .382                      | 6.517 | .000 | .289                            | .540        |

a. Dependent Variable: Customer Motivation

The prediction equation for “Customer motivation” is given as;

$$Y1 = 0.137X1 + 0.161X2 + 0.037X3 + 0.415X4 + 0.897$$

All the celebrity endorsement measures have positive effect on consumers' awareness, among which familiarity has the highest effect with coefficient 0.415, followed by Credibility (0.161), attractiveness (0.137), and expertise (0.037). The t-tests were used to test the significance of the coefficient of each independent variable. The t-values of the variable are given by credibility (2.077), expertise (0.596), attractiveness (1.809), and familiarity (6.517), with significance level

of 0.039, 0.551, 0.072, and 0.000 respectively. The significance level for credibility and familiarity is less than 0.05. This implies that theregression coefficients of the two independent variables are statistically significant. However, the other two variables i.e. attractiveness and expertise have significance level greater than 0.05 which indicates the two variables have positive effect but statistically insignificant.

#### 4.7 Results of the Regression Analysis

Two regression analyses were conducted to examine the effect of the independent variables (attractiveness, expertise, Credibility, and Familiarity) on the dependent variables of "Customer Awareness " and "Customer Motivation".

##### a) Effect of Celebrity Endorsement on Customer Awareness

In regression analysis, the first thing to check is the strength of the relationship, which is measured by *R square* and also known as *coefficient of determination*. The coefficient of determination measures the proportion of the variation in a dependent variable that can be explained statistically by the independent variables and it takes on any value between 0 and 1.

**Table 4.12 Model Summary and ANOVA Result of celebrity endorsement and customer awareness**

| Model Summary |                   |          |                   |                            |                   |          |     |     |               |
|---------------|-------------------|----------|-------------------|----------------------------|-------------------|----------|-----|-----|---------------|
| Model         | R                 | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics |          |     |     |               |
|               |                   |          |                   |                            | R Square Change   | F Change | df1 | df2 | Sig. F Change |
| 1             | .695 <sup>a</sup> | .483     | .476              | .67161                     | .483              | 65.428   | 4   | 280 | .000          |

a. Predictors: (Constant), Familiarity, Credibility, Attractiveness, Expertise

| ANOVA <sup>a</sup> |            |                |     |             |        |                   |
|--------------------|------------|----------------|-----|-------------|--------|-------------------|
| Model              |            | Sum of Squares | df  | Mean Square | F      | Sig.              |
| 1                  | Regression | 118.049        | 4   | 29.512      | 65.428 | .000 <sup>b</sup> |
|                    | Residual   | 126.297        | 280 | .451        |        |                   |
|                    | Total      | 244.346        | 284 |             |        |                   |

a. Dependent Variable: Customer Awareness

b. Predictors: (Constant), Familiarity, Credibility, Attractiveness, Expertise

Source: own survey, 2017

The R-square value of the model is given by 0.483 and the adjusted R square is 0.476, which implies that about 48.3% of the variation in the dependent variable is explained by the independent variables. Analysis of Variance (ANOVA) is used to test the hypothesis of no linear relationship between the independent and dependent variables (i.e. R-square = 0). As we can see from the above table, the F value, which serves to test how well the regression model fits the data, is given by 65.428 with significance level of 0.000. Since the observed significance is less than 0.05, there is a linear relationship between the independent and dependent variables.

### b) Effect of Celebrity Endorsement on Customer Motivation

For the regression equation involving consumers' Motivation, the R-square value of the model is given by 0.351 and the adjusted R square is 0.341, which implies that about 35% of the variation in the dependent variable is explained by the independent variables.

**Table 4.13 Model Summary and ANOVA Result of celebrity endorsement and customer Motivation**

| Model Summary |                   |          |                   |                            |                   |          |     |     |               |
|---------------|-------------------|----------|-------------------|----------------------------|-------------------|----------|-----|-----|---------------|
| Model         | R                 | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics |          |     |     |               |
|               |                   |          |                   |                            | R Square Change   | F Change | df1 | df2 | Sig. F Change |
| 1             | .592 <sup>a</sup> | .351     | .341              | .78725                     | .351              | 37.782   | 4   | 280 | .000          |

a. Predictors: (Constant), Familiarity, Credibility, Expertise, Attractiveness

b. Dependent Variable: Customer Motivation

| ANOVA <sup>a</sup> |            |                |     |             |        |                   |
|--------------------|------------|----------------|-----|-------------|--------|-------------------|
| Model              |            | Sum of Squares | df  | Mean Square | F      | Sig.              |
| 1                  | Regression | 93.663         | 4   | 23.416      | 37.782 | .000 <sup>b</sup> |
|                    | Residual   | 173.533        | 280 | .620        |        |                   |
|                    | Total      | 267.196        | 284 |             |        |                   |

a. Dependent Variable: Customer Motivation

b. Predictors: (Constant), Familiarity, Credibility, Expertise, Attractiveness

Source: own survey, 2017

The R-square value of the model is given by 0.351 and the adjusted R square is 0.341, which implies that about 35% of the variation in the dependent variable is explained by the independent variables. Analysis of Variance (ANOVA) is used to test the hypothesis of no linear relationship

between the independent and dependent variables (i.e.  $R^2 = 0$ ). As we can see from the above table, the F value, which serves to test how well the regression model fits the data, is given by 37.78 with a significance level of 0.000. Since the observed significance is less than 0.05, there is a linear relationship between the independent and dependent variables.

### **Empirical Analysis**

Building a strong brand image is essential in modern day business environments, being an effective way to get the brand noticed amidst the rush and clutter in the media. This finding also corroborates the finding of Chan et al (2013) and Zafar (2010) who found a similar relationship between celebrity endorsement and brand awareness in China and Sabunwala (2013) who found a similar relationship between the variables in India.

According to Ateke (2013), every marketing communication aims to create awareness and arouse interest in the minds of the target audience; and in order to achieve this aim, marketers employ several strategies.

Celebrity Endorsement is one of such power tools by which advertisers try to leverage the image and identification of celebrities to promote their brands (Atkin & Block, 1983). However, customers' perception of a brand is not influenced only by the endorsement the brand gets, but mostly by the endorser-product association (Ahmed et al, 2012) that the consumers perceive; though good judgment may suggest that getting a celebrity endorsement is a true simple-to-implement way to maximize advertising effectiveness that yields stronger ties with viewers and ultimately, greater sales.

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Summary of Findings

##### Summary of the Major Findings

The major findings of the study are summarized as follows;

- Customers believe that celebrity endorsement is a very good instrument to enhance the awareness and motivation of customers towards the bank's service. .
- Customers have positive attitude toward the celebrities that were/are promoting by looking at their performance on different artistic works and social development works such as charity, participation on social affairs and etc., by which indeed they have acquired their fame.
- Customer's awareness can be created through celebrity endorsement strategy. But in some way customers believe that the expertise of the endorsed celebrity does not necessarily matter to address the information of the bank service to every customer who needs it.
- As most of the customer's reply there was/is no or slight relation between the celebrities' familiarity and choice of the banks service. After being acquainted with information services of the bank they only go to banks and further choose among the service of the bank.
- The motivation of customers to utilize the service of the bank comes from the celebrity that has been endorsed to promote the banks service. There is a direct and positive relationship between celebrity endorsement and customer motivation.
- The celebrities that were promoting the services of the banks has been attractive, familiar and convinced in a way as they are experts of banks indicating the effectiveness of celebrity endorsement process.
- The relationship between Familiarity and customer motivation is a bit greater than the relationship between expertise and customer motivation, Credibility and customer motivation. The relationship between Familiarity and customer awareness is a bit greater than the relationship between expertise and customer awareness, and credibility and

customer awareness. Except credibility with attractiveness and credibility with expertise (0.743 and 0.575) all explanatory variable have a correlation coefficient less than 0.5 which indicates a positive and weak relationship.

- There were three tests that have been done on the data. The normality test of the data shows that the research has normally distributed variables. Multicollinearity test shows that there is no multicollinearity problem on the data. Therefore the regression analysis has been completely analyzed based on the tests performed.
- Although all the celebrity attributes are found out to be desirable to influence customers' awareness, the coefficients of the regression equation shows that the independent variables (credibility and familiarity) have positive relationship with the dependent variable (Customer Awareness). While the independent variables (attractiveness and expertise) have negative relationship with dependent variable (customer awareness). On the other hand the coefficient of the regression equation shows that all the independent variables (attractiveness, credibility, expertise and familiarity) have positive relationship with dependent variable (customer motivation).

## **5.2 Conclusion**

With the development of mass media and subsequent increase in number of advertisements, marketers' messages are easily lost since consumers are exposed to a number of advertisements one after the other. The increase in competition for consumer attention has forced marketers to use attention creating personalities (or celebrities) in product promotion marketing. Over the years, the trend of using celebrities for product promotion has increased in Ethiopian market. This study was conducted with the aim of examining the attitude of consumers towards celebrity endorsed advertisements and the effect of celebrity endorsement on consumer awareness and their motivation.

The survey was conducted on bank consumers found in Addis Ababa and descriptive analysis was used to summarize respondents' attitude on celebrity endorsement. Correlation and multiple regression analysis were also used to examine the relationship and effect of celebrity endorsement. The result of the survey reveals that overall consumers have positive attitude towards the celebrity endorsed advertisements of banking services. It is believed that any

company who can use celebrities to advertise its company's product and service can succeed in creating awareness and also motivating them to use the service or the product of that company. Celebrity endorsement, as measured by the four celebrity attributes, positively affects consumers' awareness and their motivation to use the services of the banks. Moreover, most the celebrity attributes are found to be desirable to influence consumers' purchase intention but both *credibility* and *familiarity* have the highest influence than the other two attributes.

### **5.3 Recommendation**

The findings of this study clearly show that consumers have positive attitude towards the celebrity endorsed bank advertisements. In addition, celebrity endorsements (measured by the attributes of attractiveness, expertise, credibility, and Familiarity) have positive influence on the attitude consumers have towards the endorsed brand and their purchase intention. The implication is that marketers in the industry should consider the use of celebrities in their promotional endeavors so as to grab consumers' attention for their advertisements.

However, great care should be taken while selecting the celebrities to promote the products and services. Although all the attributes have positive influence on the consumers' awareness and motivation, *Familiarity and credibility* have the highest influence on consumers' attitude towards the service of the bank. However, it is imperative to not miss the influence of good look and trust on customer's awareness and motivation towards the company's service or product. Therefore, marketers should look for the right combination of all the four attributes in the celebrities they select.

For those banks who have not yet been represented by any celebrity, it is effective to endorse one of them and promote the service they are giving. The information of the banks service is better informed by celebrities than anyone with professional capacity of banking or even marketing.

### **5.4 Further Area of Investigation**

The limitation of this study is focusing on only banking industry not any other sector. The study has examined the effect of celebrity endorsement on consumer awareness and

motivation by focusing only on the banking industry,so the effect of celebrity endorsement on other sectors of the economy couldbe studied. Similar studies could also be done by incorporating the influence of gender, occupation, and other demographic variables on consumers' awareness and motivation.

The data collected strictly focused only on primary data which is gathered through questionnaire. Therefore, studies should inculcate other data collection mechanism such as focused group discussion and structured interview. Other area of investigation could be the study of consumers' attitude on multiple endorsements and their effect on motivation. This is because it has become customary to notice one celebrityendorsing different products. Therefore, further studies should address the question raised by other sectors and even other products.

Comparative study between celebrity effectiveness in promoting the products of the banks and even any other business institutions should be studied as national or regional level. This may give as a hint in identifying the modality of people's criteria or interest demarcation.

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**Appendix 1**  
**ADDIS ABABA UNIVERSITY COLLEGE OF BUSINESS AND**  
**ECONOMICS SCHOOL OF COMMERCE**  
**MARKETING DEPARTMENT**  
**CELEBRITY ENDORSMENT SURVEY**

**Dear respondents:**

This is a questionnaire prepared to study the role of celebrity endorsement on public awareness in banking industry. Your honest and kind answer is very decisive for the findings of this research study: Therefore, I request you to answer honestly and kindly. The purpose of this study is for the fulfillment of Master's Degree in Marketing Management. The confidentiality of your response is respected by the researcher.

**Thank you!**

**Note:**

- No need of writing your name
- Write a √ mark on the space provided for choosing
- Write neatly and clearly for open-ended questions

**PART ONE**

General information

| NO | Items             | Responses                 | Tick (√) | NO | Items                                           | Responses                                                                  | Tick (√) |
|----|-------------------|---------------------------|----------|----|-------------------------------------------------|----------------------------------------------------------------------------|----------|
| 1  | Age               | >18                       |          | 4  | Occupation                                      | Student                                                                    |          |
|    |                   | 18-28                     |          |    |                                                 | Private Business                                                           |          |
|    |                   | 29-39                     |          |    |                                                 | Government hire                                                            |          |
|    |                   | 40-50                     |          |    |                                                 | Not working                                                                |          |
|    |                   | <50                       |          |    |                                                 |                                                                            |          |
| 2  | Sex               | Male                      |          | 5  | How long have you been a customer of this bank? | >5                                                                         |          |
|    |                   | Female                    |          |    |                                                 | 5-10                                                                       |          |
| 3  | Educational level | No education              |          |    |                                                 | 10-15                                                                      |          |
|    |                   | High school finish        |          |    |                                                 | 15-20                                                                      |          |
|    |                   | College diploma           |          |    |                                                 | <20                                                                        |          |
|    |                   | University/college degree |          |    |                                                 |                                                                            |          |
|    |                   | MA and Above              |          | 6  | which bank are currently using                  | Awash bank<br>Buna bank<br>Commercial bank<br>Zemen bank<br>Abyssinia bank |          |

1. Are you familiar with the service our bank is giving?

1. Yes      2. No
2. Is it because you know the celebrity that is promoting the bank?
  1. Yes      B. No
3. In what way you have known the celebrity that is promoting the banks service?
  1. He /She is actress in a drama/film that I fond of
  2. He/She is a famous person in the TV show activity
  3. He/She is a famous in a political scenario of the country.
  4. He/She is Famous in any scenario that fits the customer's preference in any case
4. Did you see the celebrity in participating in other social activities?
  - 1.social development   2.mental development      3.spiritual development   4.physical development
5. Have you been influenced by the celebrity that is promoting the service that your bank is giving?
  1. Yes                  2. No
6. Do you think that all the celebrities that are promoting have the expertise to convince the customers of the bank/
  1. Yes      2. No
7. How do you rank your status of motivation towards the banks service?
  1. Very good   2. Good      3. Neutral      4. Bad   5. Very Bad
8. Do you get any awareness after any promotional activity?
  1. Yes    2. No
10. Do you consider the familiarity of the celebrity influence you choice of bank service?
  1. Highly influential
  2. Influential
  3. Neutral
  4. Slightly influential
  5. Doesn't make a difference

## PART TWO

### Determinants of celebrity endorsement

#### 3.1 Attractiveness

Please circle the number that best reflect your feeling towards the celebrity's *Attractiveness* in the advertisements

|              |   |   |   |   |   |            |
|--------------|---|---|---|---|---|------------|
| Unattractive | 1 | 2 | 3 | 4 | 5 | Attractive |
| Not classy   | 1 | 2 | 3 | 4 | 5 | Classy     |
| Ugly         | 1 | 2 | 3 | 4 | 5 | Beautiful  |
| Plain        | 1 | 2 | 3 | 4 | 5 | Elegant    |
| Not sexy     | 1 | 2 | 3 | 4 | 5 | Sexy       |

#### 3.2 Trustworthiness

Please circle the number that best reflect your feeling towards the celebrity's *Credibility* in the advertisements

|              |   |   |   |   |   |            |
|--------------|---|---|---|---|---|------------|
| Undependable | 1 | 2 | 3 | 4 | 5 | Dependable |
| Dishonest    | 1 | 2 | 3 | 4 | 5 | Honest     |
| Unreliable   | 1 | 2 | 3 | 4 | 5 | Reliable   |
| Insincere    | 1 | 2 | 3 | 4 | 5 | Sincere    |
| Non credible | 1 | 2 | 3 | 4 | 5 | Credible   |

#### 3.3 Expertise

Please circle the number that best reflect your feeling towards the celebrity's *Expertise* of the Banks' Service he/she is endorsing in the advertisements

|                 |   |   |   |   |   |               |
|-----------------|---|---|---|---|---|---------------|
| Not an Expert   | 1 | 2 | 3 | 4 | 5 | Expert        |
| Inexperienced   | 1 | 2 | 3 | 4 | 5 | Experienced   |
| Unknowledgeable | 1 | 2 | 3 | 4 | 5 | Knowledgeable |
| Unqualified     | 1 | 2 | 3 | 4 | 5 | Qualified     |
| Unskilled       | 1 | 2 | 3 | 4 | 5 | Skilled       |

### 3.4 Celebrity match-up

Please circle the number that best reflect your feeling towards the perceived congruence (fit) between the celebrity and the banks endorsed.

|                |   |   |   |   |   |            |
|----------------|---|---|---|---|---|------------|
| Not compatible | 1 | 2 | 3 | 4 | 5 | Compatible |
| Bad fit        | 1 | 2 | 3 | 4 | 5 | Good Fit   |
| Irrelevant     | 1 | 2 | 3 | 4 | 5 | Relevant   |
| Bad Match      | 1 | 2 | 3 | 4 | 5 | Good Match |

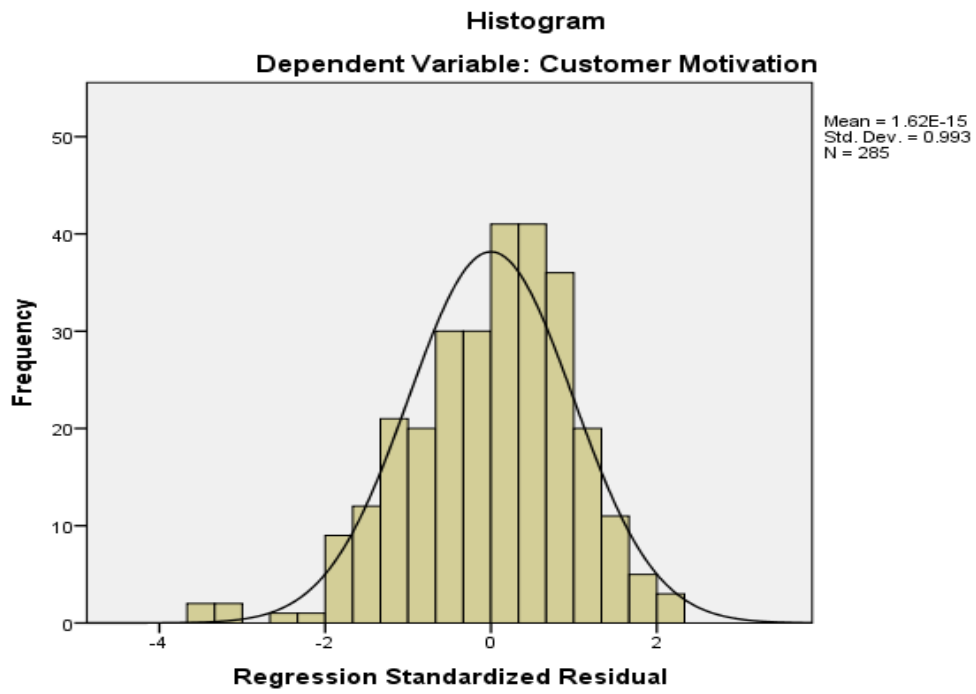
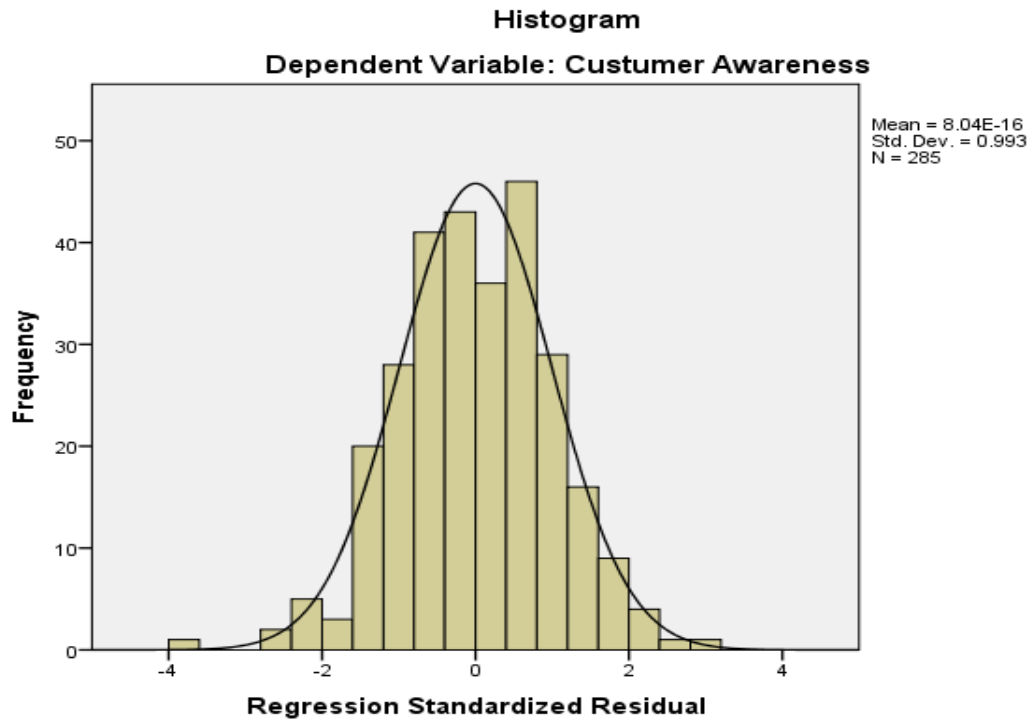
## PART THREE

### PUBLIC AWARENESS

Attitude of respondents about the **public awareness** and their **intrinsic motivation** based on the endorsed celebrity

| S.N | Items                                                                                                                    | Strongly Agreed | Agreed | Neutral | Disagreed | Strongly Disagreed |
|-----|--------------------------------------------------------------------------------------------------------------------------|-----------------|--------|---------|-----------|--------------------|
| 1   | I have got the information from TV commercial                                                                            | 1               | 2      | 3       | 4         | 5                  |
| 2   | I have been a customer because of the celebrity endorsed                                                                 | 1               | 2      | 3       | 4         | 5                  |
| 3   | I believe the celebrity that endorsed for this bank is the reason why I am using the service of the bank                 | 1               | 2      | 3       | 4         | 5                  |
| 4   | I remembered all the services of the bank from the celebrity endorsed                                                    | 1               | 2      | 3       | 4         | 5                  |
| 5   | The perceived quality stated by the celebrity has an effect on the use of the service of the bank                        | 1               | 2      | 3       | 4         | 5                  |
| 6   | Do you face any risk on using the service of the bank that celebrity endorsed                                            | 1               | 2      | 3       | 4         | 5                  |
| 7   | The price/value of the service articulated by the bank is also very good and initiating to use                           | 1               | 2      | 3       | 4         | 5                  |
| 8   | People understand the value and related risk of the bank's service from the celebrity endorsed                           | 1               | 2      | 3       | 4         | 5                  |
| 9   | It is important to endorse celebrities to recall the bank's service and other related activities                         | 1               | 2      | 3       | 4         | 5                  |
| 10  | As a consumer, do you consider the likeability of the celebrity as an influential factor when making a purchase decision | 1               | 2      | 3       | 4         | 5                  |
| 11  | Overall would you consider the presence of celebrity endorsement as a positive for selecting bank services?              | 1               | 2      | 3       | 4         | 5                  |

## Appendix 2



### Appendix 3

| Correlations                  |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |
|-------------------------------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
|                               | 1    | 2    | 3    | 4    | 5    | 6    | 7    | 8    | 9    | 10   | 11   | 12   | 13   | 14   | 15   | 16   | 17   | 18   | 19   | 20   | 21   | 22   | 23   |
| Attractiveness                | 1    | .743 | .436 | .469 | .803 | .817 | .823 | .800 | .803 | .565 | .625 | .627 | .631 | .504 | .414 | .338 | .382 | .283 | .387 | .370 | .429 | .376 | .323 |
| Credibility                   | .743 | 1    | .575 | .397 | .607 | .636 | .580 | .595 | .587 | .736 | .844 | .851 | .815 | .731 | .498 | .380 | .450 | .469 | .570 | .305 | .428 | .303 | .229 |
| Expertise                     | .436 | .575 | 1    | .489 | .354 | .344 | .386 | .269 | .402 | .409 | .501 | .416 | .535 | .420 | .806 | .809 | .833 | .829 | .847 | .412 | .476 | .324 | .348 |
| Familiarity                   | .469 | .397 | .489 | 1    | .385 | .332 | .425 | .372 | .383 | .332 | .312 | .324 | .333 | .278 | .419 | .404 | .424 | .334 | .439 | .769 | .815 | .810 | .805 |
| Unattractive/Attractive       | .803 | .607 | .354 | .385 | 1    | .616 | .528 | .541 | .580 | .537 | .484 | .467 | .533 | .396 | .304 | .294 | .263 | .227 | .371 | .381 | .351 | .278 | .217 |
| Not Classy/Classy             | .817 | .636 | .344 | .332 | .616 | 1    | .583 | .589 | .528 | .444 | .502 | .578 | .525 | .479 | .326 | .251 | .317 | .200 | .329 | .224 | .310 | .279 | .250 |
| Ugly/Beautiful                | .823 | .580 | .386 | .425 | .528 | .583 | 1    | .617 | .600 | .445 | .566 | .496 | .451 | .358 | .371 | .317 | .308 | .293 | .305 | .317 | .395 | .338 | .308 |
| plain/Elegant                 | .800 | .595 | .269 | .372 | .541 | .589 | .617 | 1    | .524 | .437 | .460 | .501 | .515 | .452 | .267 | .200 | .279 | .160 | .212 | .300 | .332 | .295 | .260 |
| Not sexy/sexy                 | .803 | .587 | .402 | .383 | .560 | .528 | .600 | .524 | 1    | .426 | .520 | .495 | .529 | .361 | .398 | .299 | .374 | .258 | .338 | .276 | .347 | .328 | .272 |
| Undependable/dependable       | .565 | .736 | .409 | .332 | .537 | .444 | .445 | .437 | .426 | 1    | .641 | .513 | .395 | .405 | .339 | .328 | .281 | .335 | .401 | .234 | .380 | .235 | .209 |
| Dishonest/Honest              | .625 | .844 | .501 | .312 | .484 | .502 | .556 | .460 | .520 | .641 | 1    | .671 | .622 | .412 | .451 | .335 | .324 | .429 | .519 | .245 | .372 | .223 | .153 |
| Unreliable/Reliable           | .627 | .851 | .416 | .324 | .467 | .578 | .496 | .501 | .495 | .513 | .671 | 1    | .651 | .554 | .397 | .285 | .316 | .316 | .400 | .241 | .333 | .272 | .188 |
| Insincere/Sincere             | .631 | .815 | .535 | .333 | .533 | .525 | .451 | .515 | .529 | .395 | .622 | .651 | 1    | .545 | .400 | .315 | .450 | .465 | .569 | .269 | .362 | .251 | .179 |
| non credible/Credible         | .504 | .731 | .420 | .278 | .396 | .479 | .358 | .452 | .361 | .405 | .412 | .554 | .545 | 1    | .394 | .251 | .412 | .312 | .368 | .222 | .257 | .224 | .185 |
| not an Expert/expert          | .414 | .498 | .806 | .419 | .304 | .326 | .371 | .267 | .398 | .339 | .451 | .397 | .400 | .394 | 1    | .599 | .620 | .538 | .582 | .375 | .372 | .282 | .308 |
| Inexperienced/Experienced     | .338 | .380 | .809 | .404 | .294 | .251 | .317 | .200 | .299 | .328 | .335 | .285 | .315 | .251 | .599 | 1    | .641 | .552 | .559 | .317 | .379 | .297 | .297 |
| Unknowledgeable/Knowledgeable | .382 | .450 | .833 | .424 | .263 | .317 | .308 | .279 | .374 | .281 | .324 | .316 | .450 | .412 | .620 | .641 | 1    | .585 | .613 | .311 | .355 | .351 | .340 |
| Unqualified/Qualified         | .283 | .469 | .829 | .334 | .227 | .200 | .293 | .160 | .258 | .335 | .429 | .316 | .465 | .312 | .538 | .552 | .585 | 1    | .719 | .303 | .409 | .165 | .186 |
| Unskilled/Skilled             | .387 | .570 | .847 | .439 | .371 | .329 | .305 | .212 | .338 | .401 | .519 | .400 | .569 | .368 | .582 | .559 | .613 | .719 | 1    | .393 | .442 | .254 | .312 |
| Incompatible/Compatible       | .370 | .305 | .412 | .769 | .381 | .224 | .317 | .300 | .276 | .234 | .245 | .241 | .269 | .222 | .375 | .317 | .311 | .303 | .393 | 1    | .570 | .442 | .433 |
| not Fit/ Fit                  | .429 | .428 | .476 | .815 | .351 | .310 | .395 | .332 | .347 | .380 | .372 | .333 | .362 | .257 | .372 | .379 | .355 | .409 | .442 | .570 | 1    | .515 | .513 |
| Irrelevant/Relevant           | .376 | .303 | .324 | .810 | .278 | .279 | .338 | .295 | .328 | .235 | .223 | .272 | .251 | .224 | .282 | .297 | .351 | .165 | .254 | .442 | .515 | 1    | .643 |
| not Match/Match               | .323 | .229 | .348 | .805 | .217 | .250 | .308 | .260 | .272 | .209 | .153 | .188 | .179 | .185 | .308 | .297 | .340 | .186 | .312 | .433 | .513 | .643 | 1    |

\*\* Correlation is significant at the 0.01 level (2-tailed).