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**THE INFLUENCE OF CELEBRITY ENDORSEMENT
BRAND ADVERTISING ON CONSUMER BUYING
BEHAVIOR:**

The Case of Commercial Bank of Ethiopia

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Department of Marketing Management

The Influence of Celebrity Endorsement Brand

Advertising on Consumer Buying Behavior:

The case of Commercial Bank of Ethiopia

A research 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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Acronyms

CBE - Commercial Bank of Ethiopia

TV – Television

AD – Advertising

SPSS - Statistical Package for the Social Sciences

ELM - Elaboration Likelihood Model

Abstract

Celebrity endorsement is among the important communications medium that has powerful effect on consumers' behavior. The objectives of this study were to analyze the effect of celebrity endorsement on consumers' buying behavior in the case of CBE. The sample populations of the study were selected branches from the four districts in Addis Ababa. Quantitative research approach and non-probability convenience sampling had been adopted in selecting a sample size of 400. Data were collected using structured questionnaire and analyzed using SPSS 20 and descriptive and inferential research design was used. The results of the study revealed that celebrity endorsement tools have a relationship with consumer buying behavior of CBE customers. Therefore, It is essential for CBE to pay more attention in increasing their celebrity endorsement activities practice specifically should pay more attention to the activities and means of trustworthiness, since the study results showed a weakness in this activities, in influencing the consumers purchasing decision toward these CBE products. Finally the researcher is recommended to CBE is that the strategic impact of celebrity endorsement is best observed when they are designed or built in strategic plan of promotional activities, coordinated with other promotional tools and integrated with the business strategy.

Key Words: - *Celebrity Endorsement, Trustworthiness, Expertise, Physical attractiveness*

CHAPTER ONE

1. INTRODUCTION

This chapter consists of background of the study, statement of the problem, research questions, research hypotheses, objective of the study, significance of the study, delimitation of the study, and organization of the paper are explained here under

1.1 BACKGROUND OF THE STUDY

Marketing is life blood of business (Ghouri *et al.* 2011). According to Anjum *et al.* (2012), marketing needs to concentrate on many different aspects to maintain sustainability. Celebrity endorsement has emerged as a powerful tool for the marketers in recent times. Since the presence of celebrities makes the advertising campaigns attractive therefore it is believed that spending huge amounts of money for the employment of celebrities is significant (Kamins *et al.* 1989). The purpose of celebrity endorsement can be brand recall, brand loyalty and long term association with the brand. According to (Belch & Belch, 2003) celebrity's effectiveness as an endorser depends on the culturally acquired meanings he or she brings to the endorsement process. Each celebrity contains many meanings, including status, class, gender, and age as well as personality and lifestyle. Utilizing a popular personality as an endorser to promote the product/service or brand and its products, has been an area of focus for advertising and marketing agencies. To efficiently using the celebrity for this purpose, it is very crucial that the celebrity must be critically selected because both the positive and negative image and perception of the celebrity can influence the representation of the brand in public. Integration between profile of the celebrity and the trustworthiness of celebrity to the target market and target audience is highly significant as well.

Consumers need to be aware of goods and services and in order to address the features of the goods and services companies need advertisement. According to (Hassan & Jamil, 2014) Advertisement is "the art of persuasion" that is mainly concerned to create awareness about what is being offered with ultimate objective to persuade towards buying.

According to Oxford dictionary, celebrity means “A famous person”. A person who is outshined in his/her area of expertise. It could be in the domain of sports, cinema, theatre, social life, politics or science, anything but with some unique outcome (Giridhar, 2012). People who are celebrated by an enormous cluster of people are known as celebrities. Some illustrations of the characteristics include attractiveness, astonishing way of life or exceptional expertise. These celebrities usually vary from average community and relish high amount of recognition by the vast majority of people.(Friedman and Friedman, 1979) describe the word celebrity states a person familiar by the people (actor, sports figure, entertainer, etc.) due to their accomplishments in the fields besides the product they have endorsed.

Consumer behavior is defined as the behavior that consumers display in searching for, purchasing, using, evaluating, and disposing of products and services that they expect will satisfy their needs. (Schiffman and Kanuk).(Solomon, Michael R.)Similarly define consumer behavior as the study of the process involved when individuals or groups select, purchase, use, or dispose of products, services, ideas, or experience to satisfy needs and desires.

Major objective of each commercial is to create attentiveness and stimulate interest in consumer’s mind. Today almost every company from different industries uses advertisement as their basic tool to encourage their goods and services, because it’s the best way to convey information to the huge public in an effective and efficient manner. According to the consumer’s purchase intention, the advertising plays a crucial role so it becomes vital for the companies to use all the tracts and tools to peruse customers towards their offering by using different type of advertising campaigns (Ohanian1991).

With regards to advertising its products and services, the tool that Commercial Bank of Ethiopia has long been using is its periodic publication compiled by its editorial board members called ‘MudayeNeway’. In addition to its message from the president of the bank, commentaries from renowned experts in the sector and key financial indicators, the bank uses this platform to advertise and promote its newest products and services.

Another promotion and advertising tool that CBE uses is through various incentive schemes by giving away attractive presents to its customers who use some if its selected services such as regular and continuous savings.

When it comes to considering celebrities to endorse its services, the researcher analyzed several brochures and flyers that were launched recently and noticed that the bank used either regular

individuals or employees of the bank itself to promote its newest services instead of celebrities. After reviewing different flyers, the researcher believes it's fair to conclude that CBE's celebrity endorsement strategy of its services has been minimal.

Since recently, Commercial bank of Ethiopia (CBE) has shifted its advertising strategy by having famous celebrities endorse and promote its services with the aim that it will familiarize its customers with the newly introduced services the bank has to offer (combanketh.et).

A good example can be the series of TV ads by the renowned artist Alemayehu Tadesse to advertise the various solutions and services that the bank has at its disposal such as mobile banking, Internet banking, POS services, Mortgage loan and many more.

The central goal of advertising is the persuasion of customers. In any advertisement firms must attract their customers to purchase their product. They must ensure the conveyed message should be convincing to users. When it comes to celebrity endorsement, (Khatri, 2006) stated that the effectiveness of a message depends on the perceived expertise and trustworthiness of an endorser. It is to this end that this study aims to examine the influence of celebrity endorsement brand advertising on consumer buying behavior the case of commercial bank of Ethiopia.

1.2 STATEMENT OF THE PROBLEM

In today's world, celebrities are being treated as role models. People are changing their living style related with their favorite celebrity. This creates a great impact on the buying behavior of consumers. This may attract the customers and ultimately affect the company productivity.

Celebrities may not always create some sort of effect on people's minds in terms of buying behavior. But mostly it gives a great impact on perception of choosing or considering a particular product or service. We are always thinking that if our favorite celebrity is using them, then we should use that to be like them (Khatri 2006). Celebrity endorsement was not a new phenomenon and has been followed by marketers since many years back.

There are advertising businesses that specialize in assessing the stock value of the celebrities and assisting brands couple their products with the suitable celebrity (Esangedo, 2011). While developing of promotional program, it's compulsory the plan adopted should have significant concentration on unique and different message regarding the product in order to persuade the positive attitude and improved buying behavior towards a brand (Lafferty & Goldsmith, 2004). Usually big budget is allocated for advertisements. An advertisement can succeed only if

the advertisement gets the attention and communication well. Advertisers are accountable for the money they spend on this promotion and they expect customers' attraction to the promotion they release through the media (Ohanian, 1990). According to (Ohanian, 1990) Construction and Validation of a Scale to Measure Celebrity Endorsers Perceived Expertise, Trustworthiness, and Attractiveness is important.

In the case of Ethiopian banking industry there are two studies conducted in 2017 by Ruta Mekonnen on the impact of celebrity endorsement in creating awareness and motivating consumers toward buying bank service in the case of Ethiopian banking sector. The finding of the study shows attributes of attractiveness, expertise, credibility and familiarity have positive influence on the attitude of consumers toward the endorsed brand and their purchase intention. Other Edom Birhanu on the effect of celebrity endorsement on consumer's usage behavior in the case of Ethiopian banking industry. The result shows celebrities perceived expertise; product /celebrity match and trustworthiness directly influence customer's usage behavior in the banking sector. Customers have positive rating for perceived expertise and trustworthiness of the celebrity in the banks advertisement. The other objective of the study physical attractiveness has negative rating for physical attractiveness in the bank advertisement. The implication is that marketers in the industry should consider the use of celebrities in their promotional endeavors.

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. Commercial Bank of Ethiopia is currently using Artist Alemayehu Tadesse to endorse its products and services. The bank spent large amount of money for its advertising but to guide and monitor the influence of celebrity endorsement brand advertising, studies related with celebrity endorsement brand advertising in commercial bank of Ethiopia is not in place. This is the major reason why the researcher became motivated to choose this topic area and try to investigate the relationship between variables and suggest variable solutions. The study only focuses on the customers who are registered on the banks database.

1.3 RESEARCH QUESTIONS

The purpose of this study is to get a better understanding of how celebrity endorsements of brand advertising affect consumers' buying behavior. The purpose of this study has led into the following general research question:

- ❖ What is the influence of celebrity endorsement brand advertising on customers buying behavior the case of commercial bank of Ethiopia?

1.3.1 Specific Research Questions

1. What is the impact of perceived expertise of the celebrity on consumers buying behavior?
2. How trustworthiness of the celebrity affect the consumers buying behavior?
3. To what extent attractiveness of the celebrity affect the consumers buying behavior?

1.4 RESEARCH OBJECTIVE

1.4.1 General Objective of the Research

- The main objective of the study is to examine the influence of celebrity endorsement brand advertising on consumers buying behavior the case of commercial bank of Ethiopian.

1.4.2 Specific Objective of the Research

1. To examine the impact of perceived expertise of the celebrity on the consumers buying behavior in the case of commercial bank of Ethiopia.
2. To examine how trustworthiness of the celebrity affect consumers buying behavior in the case of commercial bank of Ethiopia.
3. To examine the extent of attractiveness of the celebrity affect consumers buying behavior in the case of commercial bank of Ethiopia.

1.5 SIGNIFICANCE OF THE STUDY

In the first place limited research has been conducted in the field of celebrity endorsement in Ethiopia, and no study has focused exclusively on promotion within the banking industry in the country. Therefore, the study was providing knowledge on the importance of celebrity

endorsement on consumer behavior. And findings from this study would assist academicians in broadening of the prospectus with respect to this study hence providing a deeper understanding of the celebrity endorsement that affects the consumer buying behavior. The other significance of the study were enables the CBE to understand the relation between celebrity endorsement tools and consumer buying behavior and helps them to know the most important celebrity endorsement tools used to consumer buying decision. Thus, the study would provide recommendations to the management of the CBE regarding the improved application of sales promotion.

1.6 SCOPE OF THE STUDY

Marketing tools are product development and promotional strategies and actions that the company uses to develop and promote its products or services (yourdictionary.com). Commercial bank of Ethiopia also uses different types of marketing tools but the scope of the study was limited to only on celebrity endorsement brand advertising to explain the influence on consumer buying behavior the case of commercial bank of Ethiopia. From different celebrity endorsement attributes the study used Ohanian, 1990. Such attributes are perceived expertise, trustworthiness and attractiveness.

1.7 LIMITATION OF THE STUDY

The study is conducted only in selected Addis Ababa branches of CBE which may be a limitation in using the findings of the research to generalize and extend its applicability to other branches in both the city and nationwide. In addition, only a specific attribute of the bank promotional tools service is used to measure consumer behavior. It does not take into account other services provided by the bank nor does it take into consideration other internal and external factors such as sales promotion, interest rates, efficiency of the banking service, price structure etc.

1.8 DEFINITION OF TERMS

Celebrity Endorsement -Khatri (2006) studied that the celebrity endorsement is the Promotion strategy to attract the customers By analyzing the current market, now it's become the need of the marketers to use the different famous personalities to relate with their brands to create unique identity of the brand and to do famous his company's brand or product.

Buying Behavior -Buying behavior is a process by which a people search for the product/services they need or want, make decision to buy the required and most suitable one from different alternatives, use and the dispose it. (Laroche Zhou, 1996).

Source of Credibility - Credibility is the extent to which the recipient sees the source as having relevant knowledge, skill, or experience and trusts the source to give unbiased, objective information. (Hovland and Weiss, 1951)

Source of attractiveness - Source attractiveness leads to persuasion through a process of identification, whereby the receiver is motivated to seek some type of relationship with the source and thus adopts similar beliefs, attitudes, preferences, or behavior. This encompasses similarity, familiarity, and likeability (Kelman, 1961).

1.9 Organization of the Paper

The study consists of five chapters. The first chapter discusses the background, statement of the problem, research questions, and research objectives, significance of the study, scope of the study, limitation of the study and definition of terms. Chapter Two was discuss review of related literatures that contain theoretical review, empirical review and the conceptual framework for this study. Chapter Three was discuss in detail about the research methodology used in the study. Chapter Four data Presentation, analysis, and interpretation of the data collected was discussed and finally in Chapter five Summary, conclusion and recommendations of the study was presented.

CHAPTER TWO

1. Review of related Literature

Marketing tends to adopt new and different modes of promoting their product, and marketers are in search of different and unique means to attain the whole new level of active and persuasive advertisements and promotion. Celebrity endorsement is one of these means to persuade the consumer. Today the marketers recognize it properly that celebrities play a significant role in order to make the Ads more compelling and convincing (CHOI and Rifon, 2007).

This chapter presents the review of existing literatures in the area of celebrity endorsements for better understanding of the subject matter. Which incorporates the theoretical review, empirical review and finally, the chapter will end with a conceptual framework.

1.1 Theoretical Literature Review

1.1.1 Definition of celebrity endorsement

According to Schlecht (2003) term ‘celebrity’ can be defined as, “Celebrities are people who enjoy public recognition by a large share of certain group of people”. Danieal.J.Boortish defines:

“A sign of a celebrity is that his name is often worth more than his services”.

McCracken (1989) 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) gives a definition of endorsers as, “A famous person who uses public recognition to recommend or co-present with a product in an ad”.

According to (Khatri, 2006) categorize celebrities in four major forms of celebrity endorsement. Companies could adjust their advertisement campaign, in order to get the attention of their customers.

Testimonial: If the celebrity has personally used a product or service and is in a position to attest its quality, then he or she may give a testimonial citing its benefits.

Endorsement: celebrities often lend their names to ads for product or services for which they may or may not be the experts.

Actor: A Celebrity may be asked to present a product or service as a part of character enactment rather than personal testimonial or endorsement.

Spokesperson: A celebrity who represents a brand or company over an extended period of time often in print and TV ads as well as in personal appearances is usually called a company's spokesperson.

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 Advertisement

Major intend of each commercial is to create attentiveness and stimulate interest in consumer's mind. Today almost every company from different industries uses advertisement as their basic tool to encourage their goods and services, because it's the best way to convey information to the huge public in an effective and efficient manner (Ohanian, 1991). Consumers' in the modern age are reading and seeing many advertisements. Which they do not remember it, companies as result endorse celebrities to promote products. Consumers are getting smarter that companies need to address right advertisement for the users. According to (Parmar& Patel, 2014) the modern day consumer is getting resistant to the exaggerated claims made in a majority of advertisements; advertisers are focused on celebrities and their popularity for advertising their products.

CELEBRITY VS NON-CELEBRITY ENDORSEMENT

It's not just a chance that celebrity endorsement is the widespread application in advertising suite. Research shows that celebrity endorsers proved to be more efficient in affect than other type of endorsers like company employee, usual customer and the professional adept (Seno and Lukas, 2007). In order to ensure that the celebrities that are being used are exclusively endorsing a specific product, have more supervisory command over them. Companies can construct and enhance appeals that are compatible with their brand ethics and target customers. Contrary to this, celebrity endorsers have developed an identity & personality of their own with the passage of time and company lost regulatory power over them (Tom *et al*, 1992).

Earlier studies on celebrity endorsement disclose that as compared to a non-celebrity endorser, celebrity endorsers has generated more affirmative behaviors in the direction of marketing and increased buying target (Atkin and Block 1983; Ohanian, 1991).

SINGLE VS MULTIPLE PRODUCT ENDORSEMENT

We can categorized celebrity endorsement on the basis of number of products endorsed (single vs multiple products) and the number of celebrities (single vs multiple celebrities). If a celebrity endorsed only one product or brand then it is called single product endorsement. Subsequently, it's an exceptional case if celebrity endorsed a single product or brand usually celebrities prefer to endorse more than one product or brand (Nam-Hyun Um, 2008).

SINGLE VS MULTIPLE CELEBRITY ENDORSEMENTS

Hsu and McDonald (2002) defined multiple celebrity endorsement as;

“The use of two or more celebrities in an advertising campaign”

He categorized multiple celerity endorsement, on the basis of how celebrities are presented in an advertisement, into two portions. In the first setup, for endorsement of a product two or more celebrities featured in an Ad. While in second scenario, the endorsement of the same product done by featuring different celebrities in a series of the Ad. In the industry of Marketing and advertisement, endorsing multiple celebrities is not a new sensation for advertisers.

According to Hsu & McDonald (2002) p.25,

“Multiple celebrity endorsement advertising may help the advertiser to build a sense of consensus, avoid audience boredom and appeal to multiple audiences”

People with this perception explains that multiple celebrity Ads shows that there is agreement regarding product or service's quality, hence "increasing the level of celebrity and persuasion" (Ergin and Akbay, 7). Erdogan and Baker (1999) claimed in their study that in order to endorse a particular brand, using multiple celebrities is most effective technique for the advertisers. Because by doing this they can influence and attract the whole target market. Although, featuring multiple celebrities in an Ad can also cause misperception regarding brand's uniqueness in customer's perception and hence it should be guaranteed that:

"Each and every celebrity possesses compatible meanings that are sought for brands" (Erdogan and Baker, 1999 p.13)

1.1.2 Purchase Intention or Buying Behavior

Tendency to buy a particular brand or product is known as purchasing intentions (Belch *et al*, 2004). Purchase intentions shows the probability that the person would purchase a product (Phelps and Hoy, 1996). Spears and Singh (2004) states that it's the sensible idea of doing struggle to buy a brand in future. It was an element of customer cognitive behavior on how customer planned to purchase a particular product, brand or service (Kwek,2010).

Perner (2009) defined consumer behavior as:

The study of individuals, groups or organizations and the processes they use to select, secure, use and dispose of products, services, experiences or ideas to satisfy needs and the impacts that these processes have on the consumer and society". Consumer's concern and anticipation in purchasing a product were the factors that can be used in the measurement of purchase intention. Like, customer's interest, attending, information and evaluation were the most concerned variables that decide the purchase intention (Laroche Zhou, 1996).

1.1.3 Celebrity Endorsement Communication Theories

In most advertisement using celebrity has advantage for the firms. By using such known individuals, it is easy to catch customers mind. It does not mean that these celebrities have positive perception on consumers towards the endorsed brands. Marketers should select celebrities carefully in order to have positive image of the products they offer.

Theories have been applied to explain why celebrity endorsements might be effective in advertising.

1.1.3.1 The Communication Process

According to Belch and Belch (2001) a basic model of the various elements of the communication process has evolved over the years. Two elements represent the major participants in the communication process, the sender and the receiver. Another two are the major communication tools, message and channel. Four others are the major communication functions and processes: encoding, decoding, response, and feedback. The last element, noise, refers to any extraneous factors in the system that can interfere with the process and work against effective communication.

Source Encoding

The sender, or source, of a communication is the person or organization that has information to share with another person or group of people. The source may be an individual, say a salesperson or hired spokesperson, such as a celebrity, who appears in a company's advertisements or a non-personal entity, such as the corporation or organization itself (Belch and Belch 2001).

Message

The encoding process leads to development of a message that contains the information or meaning the source hopes to convey. The message may be verbal, nonverbal, or symbolic. Messages must be put into a transmittable form that is appropriate for the channel of communication being used. In advertising, this may range from simply writing some words or copy that will be read as a radio message to producing an expensive television commercial.

Channel

The channel is the method by which the communication travels from the source or sender to the receiver. Belch and Belch (2001) talk about two types of communication channels, personal and non-personal channels. Personal channels of communication are face-to-face communication with target individuals or groups, such as salespeople delivering their sales message to a potential customer or social channels, such as friends, neighbors, co-workers, or family members. Personal channels often represent word-of-mouth communication, which is a powerful source of information for customers. Non personal channels of communication are those that carry a message without face-to-face contact between sender and receiver. Non personal channels are generally referred to as mass media or mass communications, since the message is sent to many

individuals at one time. Two major types of non-personal channels of communication exist, print and broadcast. Print media include newspapers, magazines, direct mail, and billboards. Broadcast media include radio and television.

Receiver / Decoding

The receiver is the person with whom the sender shares thoughts or information. Generally, receivers are the consumers in the target market or audience who read, hear, and/or see the marketer's message and decode it. Decoding is the process of transforming the sender's message back into thought. This process is heavily influenced by the receiver's field of experience, which refers to the experiences, perceptions, attitudes, and values he or she brings to the communication situation. Effective communication is more likely when there is some common ground between the two parties. The more knowledge the sender has about the receivers, the better the sender can understand their needs, empathize with them, and communicate effectively (Belch and Belch 2001).

Noise

Errors or problems that occur in the encoding of the message, distortion in a radio or television signal, or distractions at the point of reception are examples of noise. Noise can be explained as extraneous factors that can distort or interfere with its reception throughout the communication process. Noise may also occur because the fields of experience of the sender and receiver do not overlap. Lack of common ground may result in improper encoding of the message, so the more common ground there is between the sender and the receiver; the less likely it is that noise will occur.

Feedback / Response

The receiver's set of reactions after seeing, hearing, or reading the message is known as response. Receivers' responses can range from not observable actions such as storing information in memory to immediate action such as dialing a toll free number to order a product advertised on television. The part of the receiver's response that is communicated back to the sender is called feedback (Belch and Belch 2001).

1.1.3.2 The Meaning Transfer Model

McCracken (1989) proposes the meaning transfer model as a rich and comprehensive description of the endorsement process. The central premise of the meaning transfer model is that a celebrity encodes a unique set of meanings that can, if the celebrity is well used, be transferred to the endorsed product. The model is divided into three stages: culture, endorsement and consumption.

Stage 1: Culture

According to McCracken (1989) celebrities are different from the anonymous models (or anonymous actors) that are normally used to bring meanings to the advertisement. Celebrities deliver meanings of extra subtlety, depth, and power. It is clear enough that advertisements can undertake meaning transfer without the aid of celebrities.

Stage 2: Endorsement

McCracken (1989) suggests that the choice of particular celebrities is based on the meanings they optimize and on a sophisticated marketing plan. In the best of all possible worlds, the marketing/advertising firm first would determine the symbolic properties sought for the product (having determined which symbolic properties are in fact sought by the consumer). It would then consult a roster of celebrities and the meanings they make available and, taking into account budget and availability constraints, and then choose the celebrity who best represents the appropriate symbolic properties.

Stage 3: Consumption

Consumers are constantly searching the object world for goods with useful meanings. They use them to furnish certain aspects of the self and the world. The object world gives them access to workable ideas of gender, class, age, personality, and lifestyle, in addition to cultural principles of great number and variety. The material world of consumer goods offers a vast inventory of possible selves and thinkable worlds. Consumers are constantly rummaging here.

According to McCracken (1989) the final stage of the transfer process is complicated and sometimes difficult. It is not enough for the consumer merely to own an object to take possession of its meanings, or to incorporate these meanings into the self. The meanings of the object do not merely lift off the object and enter into the consumer's concept of self and world. There is, in other words, neither automatic transfer of meaning nor any automatic transformation of the self. The consumer must claim the meanings and then work with them.

1.1.3.3 Celebrity Endorsement Situation/Product Theories

In this section theories that deal with when a celebrity should be used as an endorser are reviewed. Differences in the ways consumer's process and respond to persuasive messages are addressed in the Elaboration Likelihood Model (ELM) of persuasion. The ELM was devised by Petty and Jacopo (1983) and has since then been the base for many studies (Mackenzie and Belch, (1986); Heath, McCarthy and Mothers Baugh, (1994)¹³; Stephenson, et.al, (2001)). It was developed to explain the process by which persuasive communications, such as advertising lead to persuasion by influencing attitudes. According to this model, the attitude formation or change process depends on the amount and nature of elaboration, or processing, of relevant information that occurs in response to a persuasive message. High elaboration means that the receiver engages in careful consideration, thinking, and evaluation of the information or arguments contained in the message. Low elaboration occurs when the receiver does not engage in active information processing or thinking but rather makes inferences about the position being advocated in the message on the basis of simple positive or negative cues (Petty and Cacioppo, 1983). The ELM shows that elaboration likelihood is a function of two elements, motivation and ability to process the message. Motivation to process the message depends on such factors as involvement, personal relevance, and individual's needs and arousal levels. Ability depends on the individual's knowledge, intellectual

Capacity and opportunity to process the message. According to the ELM, there are two basic routes to persuasion or attitude change. The routes are central routes to persuasion and peripheral routes to persuasion.

Central route to persuasion

Under the central route to persuasion, the receiver is viewed as very active, involved participants in the communication process whose ability and motivation to attend, comprehend, and evaluate messages are high. When central processing of an advertising message occurs, the consumer pays close attention to message content and looks deeply into the message arguments. A high level of cognitive response activity or processing occurs and the advertisement's ability to persuade the receiver depends primarily on the receiver's evaluation of quality of the arguments presented.

Peripheral route to persuasion

Under the peripheral route to persuasion, the receiver is viewed as lacking the motivation or ability to process information and is not likely to engage in detailed cognitive processing. Rather than evaluating the information presented in the message, the receiver relies on peripheral cues that may be incidental to the main arguments. The receiver's reaction to the message depends on how he or she evaluates these peripheral cues. The consumer may use several types of peripheral cues or cognitive shortcuts rather than carefully evaluating the message arguments presented in an advertisement.

1.1.3.4 Celebrity Endorsement Selection Theories

In this section theories that deal with how companies select a celebrity as endorser are reviewed.

Source Credibility

Source credibility is defined as;

“Communicator's positive characteristics that subsequently influence the receiver's evaluation of the message” (Hovland and Weiss, 1951, Ohanian, 1991).

According to Ohanian (1990):

Source credibility was the degree to which the receiver would believe the source has certain degree of relevant knowledge or expertise and they choose to believe the information offered by the source”. In an advertisement source credibility simply reflects the endorser's credibility (Aronson, Turner and Carlsmith, 1963). Credibility is taken as a significant element that can impact customer's buying behavior and their approach towards advertising (Lutz, Mackenzie and Belch, 1983). Endorser's credibility is the most commonly used technique in marketing to influence customer buying behavior (Lafferty & Goldsmith, 1999). In 1990 Ohanian proposed a model, and according to him there are various elements that impacts the source credibility of an endorser (Ahmad, Iqbal & Farooq, 2014). The source credibility model suggests the effectiveness of the subject matter depends on the expertise and trustworthiness of the celebrity seemed by the customer (Ohanian, 1991). The source credibility model explains that success of the message depends on the level of expertise and trustworthiness that customers observed in a celebrity (Sternthal, Dholakia *et al*, 1978).

Expertise

Expertise can be defined as;

“The extent to which the endorser is perceived to be knowledgeable, skillful and experienced”. And it usually proves to be true (Hovland & Weiss, 1951). Expert endorser gives the benefits like increasing brand remembrance and good impact on consumer’s buying behavior (Erdogen, 1999). According to Ohanian (1991) the expertise observed in a celebrity is more convincing than attractiveness & trustworthiness in order to enhance purchase intentions. Expert celebrity endorsers usually proved to be more convincing (Aaker and Myers, 1987) and can easily persuade the customer buying intention (Ohanian, 1991).

Trustworthiness

Trustworthiness can be defined as;

“The extent to which the endorser is perceived to be believable, honest and dependable”.

If these characteristics are readily available in an endorser, there is greater chance to be hired by the marketers (Shimp, 2007). In the ratings of credibility, trustworthiness is most worthy in the eyes of customer because it’s the non-physical trait that operates due to trust (Moynihan, 2004). The significant elements of the trustworthiness are reliability, dependable, honesty, sincere & trustworthy. In the desire of following the trend by the celebrity endorsers, most of the adolescents are proved to be more dependable than their old generation (Pandey, 2011). A celebrity who possess all the main factors of credibility source could significantly enhance the buying behavior of customer (Liu *et al*, 2007).

Source Attractiveness

The source-attractiveness model has its origins in the social psychological research and is a component of the "source valence" model of McGuire (McGuire 1985) according to (Ohanian, 1990). In this model The attractiveness model contends that the effectiveness of a message depends on source's "familiarity," "likability," "similarity, and "attractiveness" to the respondent.

Similarity: - is a supposed resemblance between the source and the receiver of the message, while

Familiarity: - refers to knowledge of the source through exposure.

Likability: - is affection for the source as a result of physical appearance, behavior, or other personal traits (Belch & Belch, 2003).

According to Belch and Belch (2001) marketers recognize that receivers of persuasive communication, such as advertising, are more likely to attend and identify with people they find likable, familiar or similar to themselves.

Source Power

The third and final source attribute is power. According to Kelman (1961) a source has power when he or she can actually administer rewards and punishments to the receiver. As a result of this power, a source may be able to induce another person to respond to the request or position the source is advocating. In this case, influence occurs through a process known as compliance, which means that the receiver accepts the persuasive influence of the source and takes his or her position in hopes of obtaining a favorable reaction or avoid punishment. The receiver may show agreement with the source's position in public, at the same time as he or she does not have an internal or private commitment to this position.

According to Belch and Belch (2001) source power is very difficult to apply in a non-personal influence situation such as advertising. An endorser in an advertisement generally cannot apply any sanctions to the receiver or determine whether compliance actually occurs. An indirect way of using power is by using an individual with an authoritative personality as endorser.

Celebrity endorsement as a strategy

Signing up famous celebrities to endorse a product has several advantages; marketers believe that the highest reward they gain by endorsing celebrity is building up credibility, establishing the level of trust, drawing attention and most importantly positively impacting consumers buying behavior.

Celebrity endorsement is a success factor because when a normal person selling a product tells you to try that product as it has helped them, there is a possible chance that consumers may or may not believe them but when the same is said by a celebrity that the product has helped them, then the consumers tend to listen to the celebrity and believe it and it does impact on consumers buying behavior favorably.

Celebrity endorsement and the effects it has on consumers

A best and effective endorsement is done when a balance is maintained between the product and the celebrity. When marketers assign a product or brand a celebrity, they are actually giving their

brand a face. Therefore choosing a celebrity is a very crucial decision and several parameters should be considered like looks, appeal and popularity.

A general belief that prevails among advertisers is that brand message which is delivered by a celebrity brings them better results because such recognized personality generates greater appeals than those endorsed by non-celebrities. This quick reach of message to the audience and creating an impact far too quickly is very essential. Celebrity endorsement does not guarantee any success nor any impact on consumers buying behavior unless this strategy is well integrated with the target market characteristics and other marketing mix elements like product design, packing, pricing and branding itself.

Celebrity endorsement has continuously increased because it is considered essential for brand communication as it is a key to marketing success. The primary factor that celebrity endorsement creates a positive impact on consumers buying behavior is actually the public recognition of that celebrity as an admirable and desired cultural force.

The reason that celebrity endorsement is increasing used especially to appeal women in cosmetics and ladies apparel is because of the nature of such products and also in such fields, celebrity endorsement brings about a positive advertisement result, increase in the rating of the products and also increase in the purchasing of those products.

There are many theories done in this aspect, which are:

Kokil Theory

According to Kokil, celebrity is that person who has excelled in his field of action and thus enjoys fame on being recognized far and wide. Marketers believe that celebrity endorsement generates several advantages which include building credibility, fostering trust and drawing attention of the consumers which will result into sales for that brand. Celebrity endorsement is that successful strategy that helps to raise the sales and capture market share, this technique provide a product with a glamorous touch and sparkle the expectation that a popular look will give that product an added appeal and a recognition.

Through endorsing a celebrity, marketers actually excites their consumers by showing them a very admirable and famous face and succeeded in creating a demand because through this tactic,

marketers are also increasing the recall value of their brand which positively creates an impact in the consumers buying behavior.

Kaikai (1987), states that the use of celebrities in advertisements results in;

- Facilitating brand identification
- Impressing or altering negative attitude towards the brand
- Repositioning an existing brand
- Positioning a new brand or product
- Positively impacting consumers buying decisions

Celebrity endorsers can translate into very effective brand messengers but they are also associated with the risk which is:

- Celebrities charged as guilty because of the happenings of some negative events can have harmful effects on that product and overall brand.

Kamile Theory

Kamile mentions that customers normally comprise a very encouraging approach towards those who are attractive. McGuire (2000) state that usefulness of any kind of communication depends on:

- Similarity
- Familiarity
- Likeability

Researchers have proved that physical attractiveness can very easily change beliefs of the people (Chaiken 1979). Similarity is the name of semblance involving the receiver of message and source of the message.

Attractiveness of the source that is celebrity leads consumers to persuasion and the consumer gets motivated and is willing to bind themselves into a relationship with the celebrity by adopting the same beliefs, attitude and behavior as is done by the celerity (source) and if the source changes its position or attitude, the consumers following the celebrity may also follow their lead.

2.2 Empirical Review

Different researchers are examined the relationship between celebrity endorsers and brands to explain how celebrities affect the customers buying behavior. Although, there are few empirical estimates of the effect of celebrity endorsement on consumers buying behavior; it is clear that celebrities have the ability to influence the behavior of their fans in other arenas.

According to (Martin Johansson and ÖmerBozan, 2017) conducted research on how does celebrity endorsement affect consumers' perception on brand image and purchase intention. The study shown that having a celebrity that is seen as trustworthy and expert in his field do have a positive impact on the attitude to the celebrity, thus, a positive impact on brand attitude. Even though the celebrity is not seen as an expert in the endorsed product, they still have a positive impact as long as they are experts in their own field. Expertise and trustworthiness in the celebrity endorser gives the brand a sense of believability and credibility. Having a successful celebrity endorser gives the brand an image of being of high quality. Furthermore, the attractiveness of the celebrity endorser brings even more reliability to the brand. The research also showed that the attractiveness attribute is more than just physical attractiveness; it also includes athletic performances, success and way of living.

According to (Humaira Mansoor Malik and Muhammad Mehtab Qureshi 2016) they conduct a research on Impact of Celebrity Endorsement on Consumer Buying Behavior It was found that some aspects of celebrity endorsement like gender, attractiveness, credibility, endorser type & multiple celerity endorsement proved to be effective with respect to buying intentions while multiple product endorsement has negative relationship with consumer buying behavior. In the end the study aims to prove that the overall impact of celebrity endorsement on consumer's buying intentions is positive.

According to (Israel Kofi Nyarko, Vincent Asimah, EdinamAgbemava, and Ernest Kafui Tsetse, 2015) they conduct a research on The Influence of Celebrity Endorsement on the Buying Behavior of the Ghanaian Youth: A Study of FAN Milk Ghana Ads. Findings from the survey indicates that approximately forty-six percent of the sampled population bought Fan Milk products because of a celebrity whereas thirty-nine percent (approximately) indicated that they bought Fan Milk products whether endorsed or not by a celebrity. Fifteen percent hinted that they sometimes bought due to

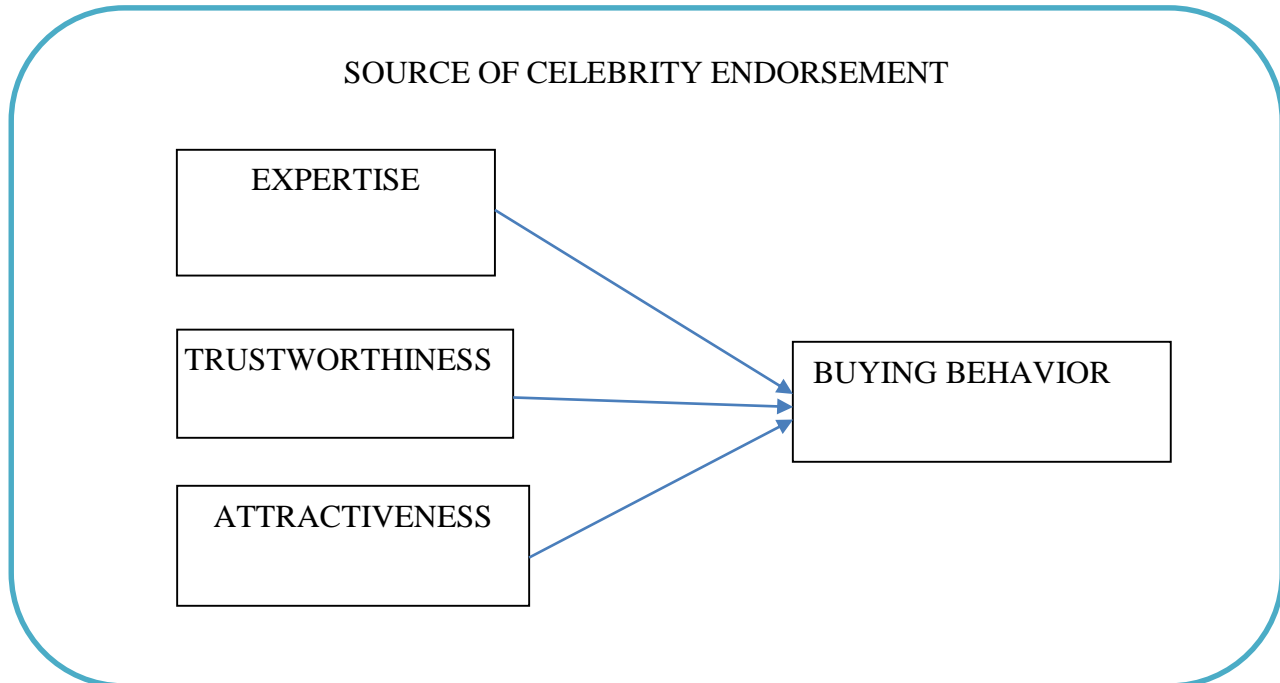
celebrity endorsement and other times not. These responses confirm the perception that product endorsement by celebrities is an effective promotional tool in modern marketing practice.

In Ethiopian context (Bahiru, 2015) has conducted research on the Effect of Celebrity Endorsement on Consumers' Attitude and Purchase Intention: The Case of Ethiopian Banking Industry. The result shows that consumers have positive attitude towards the celebrity endorsed bank advertisements. In addition, celebrity endorsements (measured by the attributes of attractiveness, expertise, trustworthiness, and product/celebrity match) have positive influence on the attitude consumers have towards the endorsed brand and their purchase intention. Although all the attributes have positive influence on the consumers' attitude and purchase intention, product/celebrity match and expertise have the highest influence on consumers' attitude towards the brands while physical attractiveness and trustworthiness have the highest influence on purchase intention.

According to (Edom Birhanu, 2017) Conducted research on the effect of celebrity Endorsement on customers' usage behavior: The case of Ethiopian Banking Industry. The result shows celebrities perceived expertise; product /celebrity match and trustworthiness directly influence customer's usage behavior in the banking sector. Customers have positive rating for perceived expertise and trustworthiness of the celebrity in the banks advertisement. The other objective of the study physical attractiveness has negative rating for physical attractiveness in the bank advertisement. The last finding of the research is there is no significant difference between the public and private bank advertisement which is endorsed by celebrities.

2.3 Conceptual Framework

The key purpose of this research is to find out the influence of celebrity endorsement brand advertising on consumer buying behavior. A conceptual framework is adopted, which is presented in below. It is designed in order to clearly understand the relationship between independent variables as related to dependent variable of the study. On the left hand side, there are present all the independent variables which are Expertise, Trustworthiness and Attractiveness. While on the right hand side the only single dependent variable ‘Consumer Buying Behavior’ is present.



Source: adopted and modified Sultan & Mannan, 2015

Figure 1: Conceptual Framework of the Study

CHAPTER THREE

Research Methodology

3.1 Introduction

This chapter was discussing the research methodology used for conducting this research. Description of the study area, research approach, research design, population and sample, data sources and types, data collection procedures, ethical consideration and finally methods for data analysis to the study will be explained.

3.2 Description of the study area

Commercial Bank of Ethiopia was legally established as a share company in 1963 to take over the commercial bank activities of the State Bank of Ethiopia, which was founded in 1942 with twin objective of performing the duties of both commercial bank and central banking (www.deepethiopian.com, 2014). During the 1974 revolution Commercial Bank of Ethiopia got its strength by merging with the owned Addis Ababa Bank. Since then, it has been playing a significant role in the development endeavors of the country.

The bank has been playing a pivotal role in advancing economic development of the country for 70 years now. This role can be maintained only when it is able to keep-up its good image by providing service that are most demanded by customers in the way they like it. To attain this, it has to continue improving the way it does business i.e. the way it provides service to its customers and the image it creates in the eyes of stakeholders have to go on improving. This is possible only when the bank is proactive and is able to perfect its strategies when surrounding dynamics change.

The commercial bank of Ethiopia still dominates the market in terms of asset, deposit, capital, and customer base and branch network. Despite the growing competition from private banks, CBE become powerful in all rounded banking business especially on deposit mobilization strategy. This makes it one of the most reliable and strong commercial banks in country and the region. Yet the bank is coming short in appealing to its customers despite scoring so much good qualities.

Its strong capital base , for the last seven decades of rich experience in the market and wide branch network throughout the country have enabled the bank to accommodate the large demand for its service and increase its overall revenue on sustainable basis. The bank with its employee and management has aspiration to promote sound liquidity management framework which enables the bank bring itself to standard of modern international business practice and be competent enough in the national and international market.

Today, more than ever before, CBE aggressively expanded its presence in all directions of the country. Despite the flourishing of private commercial banks in the country, CBE has remained potent and is in the lead in terms of assets, deposits, capital, and customer base.

The Commercial Bank of Ethiopia, which is striving to become a world class bank, is rendering state of art and reliable service to its millions of customers both at home and abroad. The business strategy of the bank focus on the interest of the public it serves. As of June 30th 2018 its deposit stood at birr 451.80 billion; while total asset of the bank reached birr 565.50 billion and (CBE, annual report 2018).The bank also has more 1,280 branches across the country and more than 34,879 employees whom as its key asset.

Accordingly, Commercial Bank of Ethiopia envisions ‘becoming world class commercial bank by the year 2025. In its strategic document too, it is clearly stated that the bank values both its customers and employees as not only important but also essential actors in all its endeavours of fulfilling public expectations.

Commercial Bank of Ethiopia is a leading bank in Ethiopian Banking Industry across numerous variables such as annual profit, number of branches, and number of employees and customers. Additionally, the bank uses various advertising techniques to promote its products and services. One of its main advertising tools is celebrity endorsement. That is why the study area mainly revolves around representative customers of CBE and their buying behavior in reaction to celebrities endorsing CBE’s services.

3.3 Research Approach

For the collection of data quantitative approach was used. A quantitative approach is a means for testing objective theories by examining the relationship among variables. These variables, in turn, can be measured, typically on instruments, so that numbered data can be analyzed using statistical procedures (Creswell, 2008).

Quantitative approach was followed because it allows the study to examine the influence of celebrity endorsement brand advertising on consumers buying behavior the case of commercial bank of Ethiopia and also the study aims at collecting and converting data into numerical form. Like qualitative researchers, those who engage in this form of inquiry have assumptions about testing theories deductively, building in protections against bias, controlling for alternative explanations, and being able to generalize and replicate the findings.

3.4 Research Design

A research design is the arrangement of conditions for collection and analysis of data in manner that aims to combine relevance to the research purpose with economy in procedure (Creswell, 2009).

As this study aims to examine the effect of celebrity endorsement on consumer buying behavior of banks from the viewpoints of banking clients, thus it targets to measure relationships between variables, a combination of descriptive and explanatory type of research were used. Descriptive type of research were used because it involves investigation which provides detailed picture of the situation and detail description of the findings displayed in tables and charts as well as to develop inferences on the relationship between celebrity endorsement and consumer buying behavior. Explanatory type of research was also applied since it enriches and supports the previous theories through comparing the findings with research questions.

3.5 Data Sources and Types

In order to facilitate the research, the researcher was used both primary and secondary source of data.

Primary Source of Data

Primary data are those which are collected afresh and for the first time and thus happen to be original in character. From primary data collection techniques, a survey method of data collection is appropriate for celebrity endorsement and customers buying behavior and it was employed for this research.

Secondary Source of Data

Secondary data are those which have already been collected by someone else and which have already been passed through the statistical process. The research was used secondary sources of data from different research articles, books and other publications to develop conceptual frame work and review literatures in the area of the influence of celebrity endorsement brand advertising on consumers buying behavior.

3.6 Population and sample size

Population

The main objective of the study is to examine the influence of celebrity endorsements brand advertising on customer buying behavior the case commercial bank of Ethiopia, so the target population of the study is customers of commercial bank of Ethiopia in Addis Ababa selected branches. The target population of the study can be considered as finite population. Because the banks customers are registered on the banks data base.

Sample Size

The target populations of the bank are considered as finite because all customers are registered on the banks data base but taking all population for the research is impossible. Due to this the researcher was take a sample from the population. As result, the following sampling formula for finite population was used to come up with the sample size. In commercial bank the total target population is 18,000,000 loan and deposit customers as of June, 2018. Sample size was calculated in the following formula and had come to be 400 respondents.

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

$$n = \frac{N}{1 + Ne^2}$$
$$= \frac{18,000,000}{1 + 18,000,000 * (0.05)^2}$$

$$n = 399.99$$

Where n = Sample Size

N = population

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

The procedure of sampling for selecting sample respondents is selecting respondents from branch of Commercial Bank of Ethiopia according to convenient sampling Technique.

3.7 Data collection procedure

Closed/ structured questions method of data collection is quite popular, particularly in case of big enquiries (Kothari, 2004). In this research survey, a closed ended questionnaire was developed for self-completion by respondents.

The questionnaire in this research consists of general and specific questions. The general questions are concerning to gather general information about the respondents' gender, age, and education. The specific questions construct measures are based on extensive review of the literature on celebrity endorsement and consumer buying behavior. The respondents were asked to rate their level of perception of the four variables on five point Likert scale.

3.8 Data Analysis

When the data collection is done, the analyzing of data was begin with the Statistical Package for the Social Sciences (SPSS). The regression analysis was used to measure and predict the relationship between the independent variables and the dependent variable. The independent variable "celebrity endorsement" was measured by its attributes; Expertise, trustworthiness and attractiveness. Descriptive analysis such as frequencies, percentages, means and standard deviations used to summarize and present the data. In addition to this, Pearson correlation coefficient were used to show the interdependence between the independent and dependent variables. Pearson Correlation Coefficient is a widely used statistical method for obtaining an index of the relationships between two variables when the relationships between the variables is linear and when the two variables correlation are continuous. To ascertain whether a statistically significant relationship exists between dependent variable and independent variables, the Pearson's Correlation Coefficient was used.

3.9 Reliability and Validity of the Instrument

Instrument Validity

Validity defined as the extent to which data collection method accurately measure what they were intended to measure (Saunders *et. al.*, 2009). Validity is concerned with whether the findings are really about what they appear to be about.

A number of different steps were taken to ensure the validity of the study. First data were collected from reliable sources, from respondents who are more experience in using banking; survey question were made based on literature review and frame of reference to ensure the validity of the result.

In regard to the celebrity endorsement and consumer buying behavior, a question adopted from previous researches is used for this study and related literature. Proper detection by an advisor were also take to ensure validity of the instruments. Besides, the opinion of bank experts and academicians in the field will be taken to ensure the validity of the instrument. The questionnaire was finally revised based on the field feedback collected from experts in the field.

Instrument Reliability

The reliability of instruments measures the consistency of instruments. Creswell (2009) considers the reliability of the instruments as the degree of consistency that the instruments or procedure demonstrates. The reliability of a standardized test is usually expressed as a correlation coefficient, which measures the strength of association between variables. Such coefficients vary between - 1.00 and +1.00 with the former showing that there is a perfect negative reliability and the latter shows that there is perfect positive reliability.

In this study each statement rated on a 5 point likert response scale which includes strongly disagree, disagree, neutrals, agree and strongly agree. Based on this an internal consistency reliability test will be conducted with a sample of 30 customers and the Cronbach's alpha coefficient for the instrument was calculated. Sekaran (2000) points out that the closer the

coefficient is to 1.00, the greater the reliability of the instrument. It is generally accepted that a 0.7 or higher value of the Cronbach's alpha coefficient represents high reliability.

Table 3.1 Reliability Test

Measurement Scale	Cronbach's Alpha	N of Items
Expertise	.893	5
Trustworthiness	.917	5
Attractiveness	.890	5

Source: Survey Data (2019)

3.10 Ethical Consideration

The general rules and regulation of research ethics was followed by the researcher .In such a way that respondents were requested to provide information on voluntary basis, and the information received from the respondents was kept confidentially. The researcher should have honesty in all communication process by collecting, analyzing and reporting the data accurately.

CHAPTER FOUR

Data Analysis

4.1. Introduction

In this chapter the results of the study are presented and discussed with reference to the aim of the study which was determine the influence of celebrity endorsement brand advertising on consumer buying behavior the case commercial bank of Ethiopia. General information of the respondents are presented and the research questions are answered by presenting the analysis of dependent and independent variables correlation and regression .The data collected through survey are analyzed using statistical tool of SPSS Version 20.

4.2 Survey Response Rate

To facilitate the study 400 questioners was distributed to customers in different branch. From 400 questioners 378 were returned back but only 369 valid questioners were received, the other or 9 were invalid questioners. The valid 369 were accepted back by response rate of 94.5% and out of 400 questioners distributed 92.50% valid questioner returned.

4.3 Demographic profile of Respondents

Out of the total 369 respondents, 159 of them fall in the age category of 18-30 comprising 43.1%, secondly in the age category of 31-40 with 107 respondents (29%). Respondents with the age group of 41-50 with 63 respondents (17.10%)and those 51 and above with 40 respondents (10.8%).On the other hand, looking at the distribution of the respondents in terms of gender, male respondents 196 (53.1%) and female respondents 173 (46.9%). However, it can be said that both male and female respondents are fairly included in the study. On the other hand, looking of respondents education level 194 (52.6%) were first degree holders, secondly 97 (26.3%) respondents were second degree and above and lastly 78 (21.1%) respondents were diploma and below .With respect to customers of the bank in a years70 (19%) were less than 5 years , 126 (33.3%) were 5-10 years ,76(20.6) respondents were 10-15 years , 59 (16.0%) of respondents were 15-20 and finally 41 (11.1%) were more than 20 years customer. The last demographic point is occupation, With respect to occupation, majority of the respondents are employees' organizations covering 278(75.3%) followed by business owner 43 (11.7%). 18(4.9%) of the respondents were

students remaining were on other category which constitute of 30(8.1%). The higher number of the employees in the survey clearly reflect the nature of banks' customers in a sense that it is these customer groups who frequently visit bank branches for salary and deposit purposes.

Table 4. 1 General Demographic Information

		Frequency	Percent	Cumulative Percent
AGE	18-30	159	43.1	43.1
	31-40	107	29.0	72.1
	41-50	63	17.1	89.2
	51 AND ABOVE	40	10.8	100.0
	Total	369	100.0	
GENDER	MALE	196	53.1	53.1
	FEMALE	173	46.9	100.0
	Total	369	100.0	
EDUCATION	DEPLOMA AND BELOW	78	21.1	21.1
	FIRST DEGREE	194	52.6	73.7
	SECOND DEGREE AND ABOVE	97	26.3	100.0
	Total	369	100.0	
OCCUPATION	STUDENT	18	4.9	4.9
	BUSINESS OWNER	43	11.7	16.5
	EMPLOYEE	278	75.3	91.9
	OTHER	30	8.1	100.0
	Total	369	100.0	
HOW LONG	>5 YEARS	70	19.0	19.0
	5-10	123	33.3	52.3
	10-15	76	20.6	72.9
	15-20	59	16.0	88.9
	< 20 YEARS	41	11.1	100.0
	Total	369	100.0	

Source: survey Data (2019)

4.4 Overview of Respondents' perception toward different variables.

In this section we will discuss the respondent's perception about the dependent and independent variables.

4.4.1 Consumers perception on consumer's buying behavior

This section of the questionnaire tested the attitude and views about buying behavior of CBE customers. A series of six statements were presented to respondents and respondents were asked to rate their level of agreement with each statement. Table 4.3 indicates the mean and standard deviation for each item.

According to the data illustrated below, respondents agree that they use the service of the bank because they are well aware of the service endorsed by the celebrity with mean score of 3.52. Respondents also agree that they use the service of the bank because of the expertise of the celebrity mean score of 3.34. Respondents agree that they use the service of the bank because of the trustworthiness of the celebrity with mean score of 3.37. However, respondents have neutral attitude towards use of service of the bank because of the Physical Attractiveness of the celebrity with mean score of 3.04. Respondents, on the other hand have agreeing attitude towards finding the advertisement by the celebrity to be personally relevant for them with mean score of 3.64. Similarly respondents have agreeing attitude towards that they will use the service of the bank endorsed by the celebrity with mean score of 3.82. The overall mean for the perception of consumer behavior is 3.45, indicating that the majority of respondents are towards agreeing level agreement with the statements specified in the study.

Table 4.2 perceptions on consumer's buying behavior

Descriptive Statistics		
Consumer Buying Behavior	Mean	Std. Deviation
I use the service of the bank because I am well aware of the service endorsed by the celebrity.	3.52	1.063
I use the service of the bank because of the expertise of the celebrity.	3.34	1.100
I use the service of the bank because of the trustworthiness of the celebrity	3.37	1.105
I use the service of the bank because of the Physical Attractiveness of the celebrity	3.04	1.224

I found the advertisement by the celebrity to be personally relevant for me	3.64	1.052
I will use the service of the bank endorsed by the celebrity	3.82	1.038
over all perception for Consumer's Buying Behavior	3.45	1.1

Source: survey Data (2019)

4.4.2 Consumer's perception on celebrity's expertise

This section of the questionnaire tested the attitude and views of CBE customers about celebrity expertise. A series of five statements were presented to respondents and respondents were asked to rate their level of agreement with each statement. Table 4.4 indicates the mean and standard deviation for each item.

According to the data illustrated below, respondents choose that celebrity endorsed by CBE is expert with mean score of 3.76. Respondents also choose that celebrity endorsed by CBE is experienced mean score of 3.96. Respondents choose that celebrity endorsed by CBE is knowledgeable with mean score of 3.37. Respondents choose that celebrity endorsed by CBE is qualified with mean score of 3.87. Similarly respondents choose that celebrity endorsed by CBE is skilled with mean score of 3.96. The overall mean for the perception of celebrity's expertise is 3.88, indicating that the majority of respondents believe in the expertise of the celebrity.

Table 4.3 perception on Expertise

Descriptive Statistics		
EXPERTISE	Mean	Std. Deviation
Not an expert/ Expert	3.76	1.076
Inexperienced/ Experienced	3.96	.952
Unknowledgeable/ Knowledgeable	3.88	1.093
Unqualified/ Qualified	3.87	1.115
Unskilled / Skilled	3.96	1.069
over all perception for celebrity expertise	3.88	1.06

Source: survey Data (2019)

4.4.3. Consumer’s perception on celebrity’s Trustworthy

This section of the questionnaire tested the attitude and views of CBE customers about celebrity trustworthiness. A series of five statements were presented to respondents and respondents were asked to rate their choice with each statement. Table 4.5 indicates the mean and standard deviation for each item.

According to the data illustrated below, respondents choose that celebrity endorsed by CBE is dependable with mean score of 3.79. Respondents also choose that celebrity endorsed by CBE is honest mean score of 3.96. Respondents choose that celebrity endorsed by CBE is reliable with mean score of 3.94. Respondents choose that celebrity endorsed by CBE is sincere with mean score of 3.07. Similarly respondents choose that celebrity endorsed by CBE is trustworthy with mean score of 3.10. The overall mean for the perception of celebrity’s trustworthiness is 3.97, indicating that the majority of respondents believe in the expertise of the celebrity.

Table 4.4 perception on Trustworthy

Descriptive Statistics		
Trustworthy	Mean	Std. Deviation
Undependable/ Dependable	3.79	1.036
Dishonest / Honest	3.96	1.055
Unreliable / Reliable	3.94	1.034
Insincere / Sincere	4.07	.991
Untrustworthy / Trustworthy	4.10	1.052
over all perception for Celebrity Trustworthy	3.97	1.033

Source: survey Data (2019)

4.4.4 Consumer’s perception on celebrity’s Physical Attractiveness

This section of the questionnaire tested the attitude and views of CBE customers about celebrity’s physical attractiveness. A series of five statements were presented to respondents and respondents were asked to rate their choice with each statement. Table 4.6 indicates the mean and standard deviation for each item.

According to the data illustrated below, respondents choose that celebrity endorsed by CBE is attractive with mean score of 3.88. Respondents also choose that celebrity endorsed by CBE is

classy mean score of 3.89. Respondents choose that celebrity endorsed by CBE is beautiful with mean score of 3.84. Respondents choose that celebrity endorsed by CBE is elegant with mean score of 3.91. Similarly respondents choose that celebrity endorsed by CBE is sexy with mean score of 3.73. The overall mean for the perception of celebrity’s physical attractiveness is 3.85, indicating that the majority of respondents believe in the expertise of the celebrity.

4.5 perception on Physical Attractiveness

Descriptive Statistics		
Physical Attractiveness	Mean	Std. Deviation
Unattractive/ Attractive	3.88	1.043
Not classy/ Classy	3.89	1.017
Ugly / Beautiful	3.84	1.089
Plain / Elegant	3.91	1.000
Not sexy / Sexy	3.73	1.075
over all perception for Celebrity Physical Attractiveness	3.85	1.04

Source: survey Data (2019)

4.4.5 Comparison of consumer’s perception on attributes of buying behavior

Table 4.6 Comparison of Attributes

Attributes of buying behavior	Mean	Std. Deviation	Rank
Trustworthy	3.97	1.033	1
Expertise	3.88	1.060	2
Physical Attractive	3.85	1.040	3

Source: survey Data (2019)

According to computation from survey data the above table show the overall mean for the buying behavior attributes. From the finding of the mean score value celebrity Trustworthiness represented the highest overall mean score value (3.97) meaning CBE customers have a greater believe on the celebrities trustworthy rather than the other attributes. Expertise of celebrity is followed by the mean score value of (3.88) and finally Physical Attractiveness of the celebrity is in third rank by the mean score value of (3.85).

4.5 Correlation analysis

In this study Person's correlation was used to determine the significant relationship between independent variables (Expertise, Trustworthy and Physical Attractiveness) and dependent variable (Buying behavior). The next table present the result of correlation between variables and there any strength relationship between those variables .This relationship strength ranging from week to moderate to high.

Table 4.7 Correlation between Variables

		Usage Behavior
Expertise	Pearson Correlation	.492**
	Sig. (2-tailed)	.000
	N = 369	
Trustworthiness	Pearson Correlation	.462**
	Sig. (2-tailed)	.000
	N = 369	
Attractiveness	Pearson Correlation	.501**
	Sig. (2-tailed)	.000
	N = 369	

As indicated in the above table between expertise and buying behavior ($r=0.492$) this result shows there is a medium/ moderate correlation between the variables this may implies when the bank chooses more expertise celebrity the consumer buying behavior also moderately increases.

The relationship between trustworthy and consumer buying behavior ($r=0.462$) this result also shows there is a medium /moderate correlation between the variables from this result it can be said when the bank increases trustworthiness of the celebrity the consumer buying behavior also moderately increases.

The relationship between physical attractiveness and consumer behavior ($r=0.501$) this result shows there is strong correlation between the variables from this it can be increase in celebrity physical attractiveness the consumers buying behavior also increase.

4.6 Assumption Testing in Multiple Regressions

Multiple regression is statistical technique it used when we want to predict the value of variable based on the value of two or more variables. Then, the following assumptions should be done. (Pallant, 2005). This study has conducted the assumption tests such as sample size, linear relationship, multi-co linearity and auto correlation.

- i. Sample size :- According to Tabachnick and Fidell(2001) give a formula for calculating sample size requirements,

$$N > 50 + 8M$$

Where, M = No. of Independent variable

In this study there are three independent variables and result become 74 but in studies there were 369. Therefore the study satisfied sample size assumption.

- ii. Linear relationship: - Buying Behavior is assumed to be linearly related with celebrity endorsement attributes. The relationship between the two variables should be linear. This means that the scatter plot of score should be a straight line not curve (pallant, 2005). The scatter plot of this study shows there is almost linear relationship between variables. As presented below plots do not show non- linearity .Therefore, the assumption of linearity is satisfied.

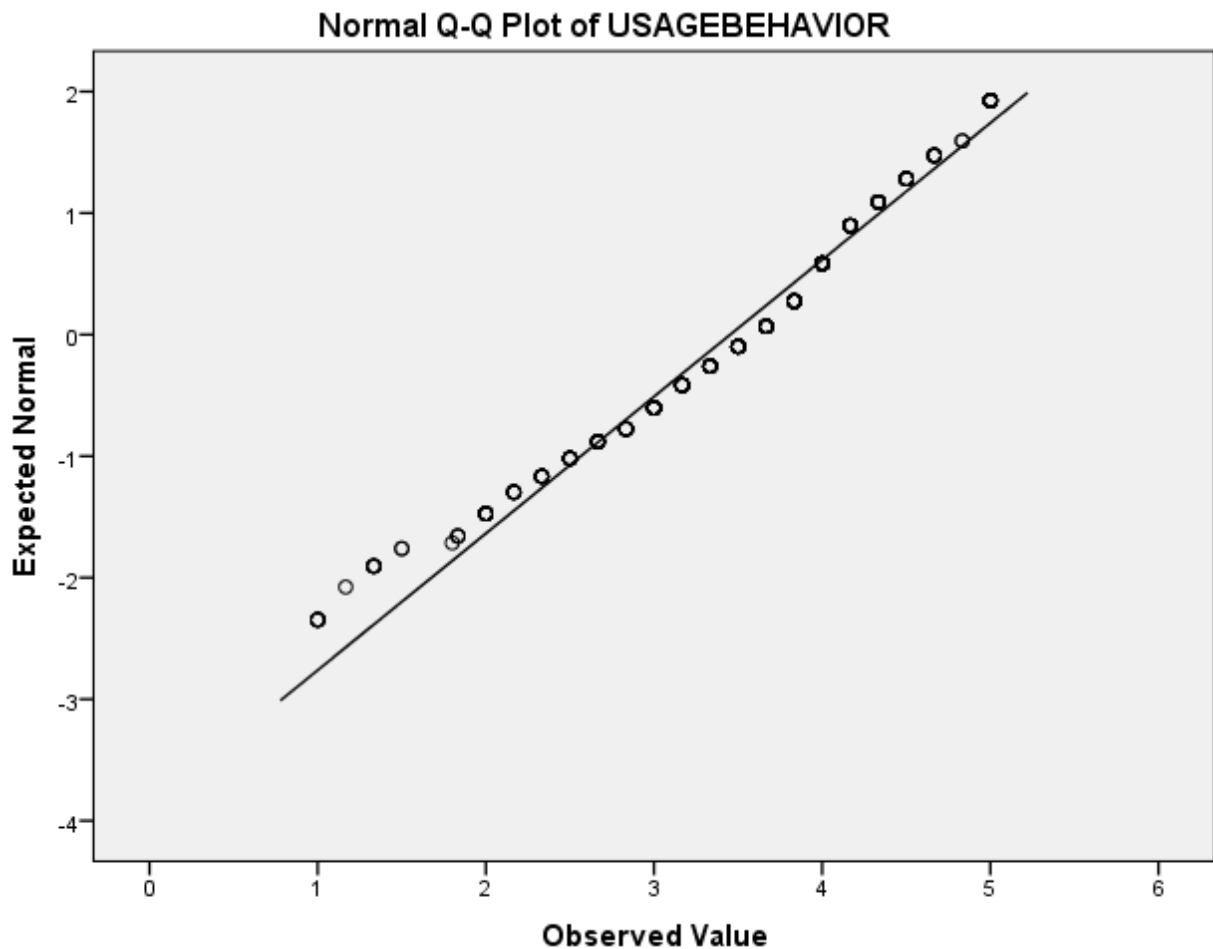


Figure 2 Q-Q plot of usage behavior

iii. No or little multi-co linearity: - This assumption used to describe correlation among independent variables. If there is high correlation between two or more independent (predictor) variables may cause problems when trying to draw inferences about the Relative contribution of each predictor variable to the success of the model (pallant, 2005).In this study Multi-co linearity was tested using Variance inflation factor (VIF) value and tolerance value .If VIF value < 10 is acceptable and tolerance is close to 1 there is no multi-co linearity between independent variables. Therefore, the assumption of multi co linearity is satisfied.

Table 4.8 Co linearity Statistics
Coefficients^a

Model	Co linearity Statistics	
	Tolerance	VIF
1 TRUSTWORTHNESS	.414	2.416
ATTRACTIVNESS	.545	1.835
EXPERTISE	.450	2.224

a. Dependent Variable: USAGEBEHAVIOR
Source: survey Data (2019)

iv. No auto correlation

Regression analysis was conducted to examine the influence of the independent variables (expertise, trustworthiness and physical attractiveness) on the dependent variable "consumers buying behavior". This assumption is tested for each regression procedure with Durbin-Watson test, which test for correlation between variable residuals. The test statistic can vary between 0 and 4 with a value of 2 meaning that the residuals are uncorrelated (Field, 2009). The value greater than 2 indicates a negative correlation between adjacent residuals, whereas a value below 2 indicates a positive correlation. If Durbin Watson statistic is approximately 2 and an acceptable range is 1.50- 2.50 (Muludam, 2015). In this study the Durbin Watson value was 1.749 which is within the acceptable range, therefore it can be confirmed that the assumption of independent error has almost certainly been met.

4.7 Multiple Regression Analysis

In this section multiple regressions was used to examine impact of celebrity endorsement on consumer buying behavior.

Table 4.9 Model Summery

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.558 ^a	.312	.306	.73999	1.749

a. Predictors: (Constant), ATTRACTIVNESS, EXPERTISE, TRUSTWORTHNESS

b. Dependent Variable: USAGEBEHAVIOR

Source: survey Data (2019)

Overall, the model summary table above reveals that all independent variables accounted for 31.2% of the contribution to consumer buying behavior ($R^2 = 0.312$). Thus, 31.2% of the variation in consumer buying behavior can be explained by the three celebrity endorsement attributes and other factors may limit contribution of celebrity endorsement to the consumer buying behavior which accounts for about 68.8%, as shown in the table.

For the purpose of determining the extent to which the independent variable such as Expertise, Trustworthy and Attractiveness were examined on dependent variable (Buying Behavior) using multiple regression. Regression analysis was employed after the study met the regression assumptions. The significance level of 0.05 with 95 % confidence interval was used. The F-test is used to find out the overall probability of the relationship between the dependent variable and all the independent variables occurring by chance (Saunders, *et al.*, 2009). The Analysis of Variance (ANOVA) indicates that the F value of 55.140 with significance level of 0.000 and since the observed significant is less than 0.05.

Table 4.10 Anova Test

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	90.581	3	30.194	55.140	.000 ^b
	Residual	199.868	365	.548		
	Total	290.449	368			

a. Dependent Variable: USAGEBEHAVIOR

b. Predictors: (Constant), ATTRACTIVNESS, EXPERTISE, TRUSTWORTHNESS

Source: survey Data (2019)

As indicated below coefficients of the regression equation, which shows that all the independent variables (Expertise, Trustworthy and Attractiveness) have positive relationship with the dependent variable (Consumers Buying Behavior).

Table 4.11 Coefficient

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.971	.198		4.901	.000
	EXPERTISE	.248	.065	.248	3.835	.000
	TRUSTWORTHNESS	.097	.067	.098	1.450	.148
	ATTRACTIVNESS	.294	.060	.288	4.900	.000

a. Dependent Variable: USAGEBEHAVIOR

Source: survey Data (2019)

The predicted equation for customers' usage behavior is given as;

$$BB = 0.971 + 0.248E + 0.098T + 0.288A$$

Where,

BB= Buying Behavior

E= Expertise

T=Trustworthy

A= Attractiveness

From the above regression equation, it can be inferred that, as the expertise of the celebrity increases by one unit, consumer buying behavior will increase by 0.248 units. From the result it can be said that there is a positive relationship between expertise & consumer buying behavior.

As Trustworthiness is increase by one unit would result in an increase in consumer's buying behavior by 0.098 unit of value. From the result it can be said that there is a positive relationship between trustworthiness & consumers buying behavior.

As Attractiveness is increase by one unit would result in an increase in consumer's buying behavior by 0.288 unit of value. From the result it can be said that there is a positive relationship between trustworthiness & consumers buying behavior.

CHAPTER FIVE

Summary, Conclusions and Recommendation

5.1 Introduction

In previous chapter the analysis of the study was discussed. The focus of this chapter is to present summaries of the finding, conclusion and recommendation.

5.2 Summary of the study findings

The objective of this research is to examine the influence of celebrity endorsement brand advertising on consumer buying behavior the case of commercial bank of Ethiopia. To examine the influence the researcher uses various attributes of celebrity endorsement like Expertise of celebrity, Trustworthy of celebrity and physical attractiveness of the celebrity. The result of the study provides information about which attribute of celebrity has a great impact on consumer buying behavior.

With respect to the objectives of the study ,the result of the study investigate the level of consumer perception on the attributes of celebrity endorsement on their buying behavior .Respondents shows their attitudes toward celebrity endorsement and buying behavior with the following result of descriptive statistics.

- The overall mean value of expertise of the celebrity 3.88 which indicates that the consumers of the bank have a positive level of agreement on celebrity expertise.
- The overall mean value of trustworthy of the celebrity 3.97which indicates that the consumers of the bank are agree on the level of agreement on celebrity trustworthy.
- The overall mean value of physical attractiveness of the celebrity 3.85 which indicates that the consumers of the bank have a positive level of agreement on celebrity physical attractiveness.

The General objective of the study was to examine the influence of celebrity endorsement brand advertising on customers buying behavior. To test this relationship Person Correlation test was conducted and the result shows the three attributes of celebrity endorsement have a positive effect on consumers buying behavior. As the Anova test the result shows no significant

variation between dependent and independent variables. From this can be conclude there is significant relationship between attributes of celebrity endorsement and buying behavior.

5.3 Conclusion

Nowadays advertising plays a vital role in marketing .Marketers uses different advertising tools to promote their product and service. From the various tools celebrity endorsement is the one selected by the celebrities. Recently in Ethiopia marketers are trying to advertise product and services by celebrities. This is to capture the attention of the customers for the brands they advertise by celebrities creating personality in product promotion marketing.

Among the different models of celebrity endorsement, this study makes use of the Ohanian's source credibility model to formulate the conceptual framework. The survey was conducted on commercial bank customers found in Addis Ababa selected braches which are convenient for the researcher and descriptive analysis was used to summarize respondents' feeling on celebrity endorsement. On Correlation and multiple regression analysis were also used examine the effect of celebrity endorsement on consumer buying behavior. The result of on celebrity endorsement, as measured by the three celebrities attributes Expertise, trustworthiness and physical attractiveness.

As such the results of the study prove that attributes of celebrity endorsement has positive relationship with consumers buying behavior. Celebrity endorsement create interest in consumers and consumers are make purchase decision .In this regard it can be conclude that each attributes of celebrity endorsement influence the consumer buying behavior.

- Consumers have positive rating for all attributes of celebrities. They have also positive attitude towards the endorsed bank brands and have shown their intention to use the services of commercial bank of Ethiopia.
- The attributes of expertise, trustworthiness, Physical attractiveness have positive effect on consumers buying behavior to use the services of the bank. Among all the attributes, Trustworthy of the celebrity *has* the highest influence on consumers buying behavior. While expertise and Physical attractiveness are followed respectively.

5.4 Recommendation

The finding of this study clearly show that consumer have a positive attitude toward the celebrity who promote the bank service. In addition attributes of celebrity endorsement (Expertise, Trustworthy and physical attractiveness) have a positive influence on buying behavior of endorsed bank. The implication is that marketers in the bank should consider the celebrities in their promotional endeavors to get more attentions of the consumers. In the bank some product are promoted by the non-celebrities so if marketers replace them by celebrities they may get more attention of the consumer.

Based on the research objective the researcher can recommended the following points. The first objective of the study was to examine the influence of expertise on buying behavior and the study result shows expertise has a positive impact. So marketers in the bank may give a great attention to the expertise when they select the celebrities to promote their product and services. The second objective of the study was to examine how trustworthiness affect the buying behavior and the result shows there is positive relationship with buying behavior. Therefore giving great attention for trustworthiness when selecting the celebrity may have a positive outcome on consumers buying behavior. The third objective of the study was to what extent physical attractiveness influence buying behavior. The study result shows it has a positive relationship with buying behavior. So marketers may highly consider both attributes of the celebrity when they select the celebrities.

However, the value of the attributes are vary so marketers should be taken while selecting the celebrities to promote the product and service .because they may not miss the influence of consumers attitude toward the bank and service. Therefore marketers should look for the right combination of all attributes in celebrity they select.

5.5 Future area of investigation

This research investigates just one type of advertising. However, due to the high number of promotional mix (e.g., personal selling, promotion, direct marketing and public relation), it is possible that these results may not generalize to other promotion mix. Given the promising results that were obtained, coupled with the inherent limitations to the study just discussed above, there are many potential avenues of further research that can be explored. Among these future researches should apply the study's model on a larger population of other private banks and comparison of the results and future research is needed to identify how different promotional mix work. Also it needs to extend this work to study the effect of celebrity endorsement type on consumer buying behavior in long term.

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APPENDIX

ADDIS ABABA UNIVERSITY COLLEGE OF BUSINESS AND

ECONOMICS SCHOOL OF COMMERCE MARKETING DEPARTMENT

CELEBRITY ENDORSMENT BRAND ADVERTISING SURVEY

Dear Sir/Madam

My name is Aynalem Dagne and I am M.A. student at Addis Ababa University, School of Commerce. This is a research study concerned with the opinion on “Influence of Celebrity endorsement brand advertising on consumer buying behavior: The case of commercial bank of Ethiopian”. You will be asked to read the questionnaire and then give your views. 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 in advance.

Note:

- No need of writing your name
- Write a mark on the space provided for choosing
- When you give your opinion, please consider the service advertising of commercial bank of Ethiopia by the renowned Ethiopian artist and celebrity Alemayehu Tadesse.

PART ONE

General information

1. Age 18-30 31 -40 41 -50 51&above
2. Gender Male Female
3. Education Level Diploma and below 1st Degree
2nd Degree & above
4. Occupation Student Business Owner
Employee other
5. How long have you been a customer of the bank?

Less than 5 year 5-10 10-15 15-20 Greater than 20

6. Familiarity with the service of commercial bank of Ethiopia

Strongly disagree Disagree Neutral Agree strongly agree

7. Awareness of the celebrity that is promoting the bank

Strongly disagree Disagree Neutral Agree strongly agree

8. 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

9. Personally influenced by the celebrity who is promoting the service that the bank is giving

Strongly disagree Disagree Neutral Agree strongly agree

10. Change in level of awareness after any promotional activity by the celebrity

Strongly disagree Disagree Neutral Agree strongly agree

11. Familiarity of the celebrity in influencing your choice of bank service

Strongly disagree Disagree Neutral Agree strongly agree

PART TWO

Determinant of celebrity endorsement

Part two is related to the aim of the research which have scales are two opposite ends from 1-5, it represents as follows

Worst	1	2	3	4	5	Best
	very unlikel y	Unlikely	Neutral	Likely	very likely	

Please circle the one that best reflect your choice towards source of celebrity endorsement.

12. How do you express the Celebrity's Expertise?

12.1	Not an Expert	1	2	3	4	5	Expert
12.2	Inexperienced	1	2	3	4	5	Experienced
12.3	Unknowledgeable	1	2	3	4	5	Knowledgeable
12.4	Unqualified	1	2	3	4	5	Qualified

12.5	Unskilled	1	2	3	4	5	Skilled
13. How Trustworthy do you think is the Celebrity?							
13.1	Undependable	1	2	3	4	5	Dependable
13.2	Dishonest	1	2	3	4	5	Honest
13.3	Unreliable	1	2	3	4	5	Reliable
13.4	Insincere	1	2	3	4	5	Sincere
13.5	Untrustworthy	1	2	3	4	5	Trustworthy
14. How do you evaluate the Celebrity's physical Attractiveness?							
14.1	Unattractive	1	2	3	4	5	Attractive
14.2	Not Classy	1	2	3	4	5	Classy
14.3	Ugly	1	2	3	4	5	Beautiful
14.4	Plain	1	2	3	4	5	Elegant
14.5	Not Sexy	1	2	3	4	5	Sexy

PART THREE

Consumer's Buying Behavior. Please circle the number that best reflects your best choice.

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
I use the service of the bank because I am well aware of the service endorsed by the celebrity.	1	2	3	4	5
I use the service of the bank because of the expertise of the celebrity.	1	2	3	4	5
I use the service of the bank because of the trustworthiness of the celebrity.	1	2	3	4	5
I use the service of the bank because of the Physical Attractiveness of the celebrity.	1	2	3	4	5
I found the advertisement by the celebrity to be personally relevant for me	1	2	3	4	5
I will use the service of the bank endorsed by the celebrity	1	2	3	4	5