THE IMPACT OF CELEBRITY ENDORSEMENT ON PURCHASE INTENTION OF LOCAL SKINCARE BRAND: THE ROLE OF PERCEIVED QUALITY AND PERCEIVED VALUE

Lily Leonita
BINUS Online Learning, Management Department, Binus University, Jakarta Indonesia
Corresponding author: lily.leonita@binus.ac.id

Abstract

The main objective of this study is to explore the role of celebrity endorsement in generating consumer purchase intent while taking into account perceived value and perceived quality in relation to local skincare brands. This study used a survey approach in collecting data. Online research questionnaires were distributed to target respondents. Sampling was carried out using a purposive sampling technique with the criteria of skincare consumers who know local skincare brands and celebrities who endorse the brand. There were 153 responses from respondents that were valid and can be used for analysis. The results of this study demonstrate that the influence of celebrity endorsement and perceived quality on purchase intention is significant. It has been demonstrated that perceived quality helps to moderate the impact of celebrity endorsement on consumers' intention to buy. Celebrity endorsement, moreover, has been shown to influence perceived value. However, perceived value does not affect purchase intention. Hence, it has not been demonstrated that perceived value mediates the impact of celebrity endorsement on purchase or buying intention. The use of celebrity endorsements is able to encourage consumer purchase intentions so that companies should pay attention to the factors in selecting celebrities who will be invited to cooperate to promote products so that the perception of quality as well as the value formed by consumers is in accordance with company targets

Keywords: Celebrity Endorsement; Perceived Value; Perceived Quality; Purchase Intention; Local Skincare Brand.

Introduction

The cosmetics industry has experienced significant growth from year to year since the pandemic hit Indonesia. The industry has experienced growth of up to 9.61% in 2021, and an increase in the number of companies of up to 20.6%. Many local skincare and cosmetics manufacturers have emerged with good quality so they can compete with foreign products (cnbcindonesia, 2022). Local skincare tends to be in demand because it uses domestic natural ingredients, is easy to access for purchasing its products, and prices are more affordable with quality that is commensurate with foreign skincare brands (cantika.com, 2022). Based on the results of Nielsen's research in the first quarter, the local cosmetics industry contributed greatly to the growth of transactions in e-commerce. The Indonesian cosmetic industry is growing rapidly in terms of quality, competitive prices, excellent marketing strategies and good branding (Rahmawati, 2022).

The explosive rise of the cosmetics industry especially in local skin care companies has brought many choices for consumers to determine which product to buy. The local skincare brand companies should find a way to grab the attention of customers and potential customers. A unique and attractively designed ad can increase user trust. One of the most popular advertising marketing tactics used by many types of companies is celebrity endorsements. Spry et al (2011) mentioned that celebrity endorsement can be used in a promotional campaign to offer new products or services. The endorsement by a celebrity that fit with the product image will make it easier for the celebrity to attract the attention of customers so that they are interested in buying their products. The use of celebrity endorsements to support company promotions will get benefits in the form of product positioning in the eyes of public consumers because famous celebrities will more easily influence customer behavior and responses (Usman & Aryan, in Iskandar & Sutejo, 2023).

Many local skincare brands work with top celebrities to endorse their products, such as Brand N'Pure which collaborates with Isyana Saraswati, Whitelab with Bunga Citra Lestari, DABE Beaute which endorses top artists such as Ayu Ting Ting, Jessica Iskandar, Lesti Kejora, Rizky Billar, Ruben Onsu, Tyas Mirasih, Mulan Jameela and others (Kapanlagi.com, 2022). Celebrity with its fame is able to encourage the attention of the public or its fans towards the supported products and increase awareness of the products in the market. Information conveyed by celebrities can encourage the formation of consumer expectations (KV & Kamath, 2021). Consumer expectations that are influenced by the information conveyed based on celebrity will shape the perceived value of the endorsed product (Abou Ali et al, 2021). Perceived value is evaluation from customer on their spending against the benefit they received from a product. Customers’ perceptions of product value have impact on encouraging their intention to buy (Febriani & Khairusy, 2020; Wu et al, 2022). On the other side, the credibility of celebrity for recommendation influences consumer perception of quality on a product that will encourage consumer purchase intention (Osei-Frimpong et al, 2019; Lee et al, 2019).
Literature Review

Celebrity Endorsement

Celebrity endorsements can be described as positive statements by celebrities or public figures endorsing a brand, with the goal of increasing brand appeal (Zamudio, 2016). It is one of marketing tools by utilizing celebrities to represent the message that a company wants to convey. Celebrity endorser is someone who has great achievements and is known by the public, apart from the products they support, celebrities are seen as figures that are in great demand by the public who have advantages in their respective fields that distinguish them from others (Muljani & Koesworo, 2019).

Perceived Value

Perceived value is an overall assessment of the usefulness of a product based on perceptions of what it receives and what it gives (Zeithaml in Abou Ali, Ali, & Mostapha, 2021). It is also define as the net benefit a consumer anticipates obtaining from utilizing a product (Chen, Hsiao, & Wu, 2018). Consumers evaluate their spending against the benefit they receive when making a purchase. When benefit is greater than money, perceived value will increase (Chen & Chen, 2010). Perceived value is a process by which consumers carry out a comparison between the risks incurred with the benefits that are obtained from the purchase of goods or services.

Perceived Quality

Konuk (2018) defines perceived quality as a consumer's sense of a product's quality and superiority. According to Zeithaml, perceived quality is defined as customers' general attitude toward a brand's products or services rather than actual product or service quality (Lee, Goh & Mohd Noor, 2019). Perceived quality has been defined as a consumer's view of a product's overall quality in contrast to another option on the market (Kotler & Keller, 2016). The term "perceived quality" refers to consumers' feelings about a product.

Purchase Intention

According to Morwitz (2014), Marketers utilize purchase intent as feedback on consumer decisions regarding products and services, as well as their planned purchases. In addition, intention to purchase can be viewed as an individual's ability to perform a particular action' (Chen et al., 2018). Purchase intention is the term used to describe the desire of customer to make a purchase. There is a great opportunity for this, even if consumers are hesitant to make purchases (Safika & Raflah, 2021).

Celebrity Endorsement and Perceived value

Perceptions of the reliability of the information and social resources, such as influencers, have a demonstrable impact on perceived value (Yun in Abou Ali et al, 2021). Celebrity engagement is positively correlated with perceived customer value (Yen & Teng, 2015). Prior research from Chi, Yeh, & Tsai, (2011) found that advertising endorsers positively have significant impact on perceived value. The finding in Arsinta & Purnami (2015), and Akbar, Yawar & Ghafer (2021) research also showed that celebrity endorsement is associated to value perception.

H1: Celebrity Endorsement has positive effect on perceived value.

Celebrity Endorsement and Perceived Quality

According to Kotler & Keller (2016), awareness, perception, or impression about the existence of an organization and related products and services are categorized as consumer perception. Personal experience, social media, advertising, and other factors all affect perceptions (Solomon, 2014). They are distinctive and have an impact on the decisions that people make at any given time. Celebrity endorsement is one of the marketing techniques that being used by company to attract consumers. The credibility of celebrity for recommendation influences consumer perception. Osei-Frimpong et al (2019) found that celebrity endorsement has a positive influence on consumer’s perception of quality and purchase intention. The study from Kanwar & Huang (2022) also supports this finding.

H2: Celebrity Endorsement has positive effect on perceived quality.

Celebrity Endorsement and Purchase Intention

Hollensen & Schimmelpenning (2013) mentioned that celebrity endorsements have an impact on the efficacy of advertising, brand recognition, brand memory, buy intent, and consumer buying behavior. This implies that consumers quickly link celebrity with the marketing of goods or services. This helps consumers remember the message being conveyed, influencing short- or long-term purchase intentions.

Celebrity endorsers may bring attention to a brand or product and raise consumer awareness of it. Roozen & Claeyys stated that celebrities are used to promote products and help them live up to customer expectations (KV & Kamath, 2021). Some previous research showed that celebrity endorsement positively influences purchase intention (Khan et al, 2019; Herjanto et al, 2020; & Akbar et al, 2021).

H3: Celebrity Endorsement has positive effect on purchase intention.
Perceived Value and Purchase Intention
Consumers evaluate by making comparison between their spending and the benefits they get, in their minds while making purchase (Dodds & Monroe in Akbar, Yawar & Ghafar, 2021). According to Febriani & Khairys (2020), consumer perceptions of benefit and value influence customers’ purchase intention. Consumer perception of value has a big impact on whether they are willing to buy. This factor may be used to forecast how customers would behave while making decisions (Chang & Dibb, 2012). The research of Wu et al (2022) found that customers’ perceptions of product value had a beneficial impact on their purchase intentions. In the context of social commerce, one of the key predictors of customers’ propensity to purchase is perceived value. (Abou Ali et al, 2021). Several other studies also support these results (Akbar et al, 2021; Nofal et al, 2022).
H4: Perceived value has positive effect on perceived intention.

Perceived Quality And Purchase Intention
Good perceptions of quality can influence consumer decision-making and purchasing behavior (Aaker in Khan, Memon, Kumar, 2019). Perception of quality encourages purchasing intentions and contributes to the development of a competitive advantage. Perceptions of quality are fundamental drivers of buyer intent across categories in both goods and services markets (Brady & Cronin in Osei-Frimpong et al, 2019). Customers may choose to purchase specific brands due to their perception of quality and the fact that they are typically required to do so. A strong foundation for shaping perceptions of quality influences consumer purchasing intentions (Rahmawan & Suwitho, 2020). Lee et al (2019) found that the most important element impacting customer intention to purchase of skincare product is perceived quality. Another research from Osei-Frimpong et al (2019) and Yan, Xiaojun, Lee & Dong (2018) also find that perceived quality is associated to intention to purchase.
H5: Perceived quality has positive effect on perceived intention.

Methods
In this study, the researcher used an associative approach to explain the influence of celebrity endorsement on perceived value and perceived quality, and its impact on the dependent variable, the purchase intention of local skincare brand. The research model is shown below in Figure 1:

Figure 1. Research Model

Data collection was carried out using a survey method, by distributing online questionnaires that contained several questions related to each research variable to the target respondents. Using the formula Hair et al (2017), the minimal sample is 100. The sampling technique used is purposive sampling with the respondent’s criteria are a skincare user who knows local skincare brand products and knows celebrities who endorse the brand. A total of 153 respondents were obtained for the study. There were 20 questionnaire items which consist of 5 celebrity endorsement indicators, 5 perceived value indicators, 4 perceived quality indicators, and 6 purchase intention indicators. The celebrity endorsement indicators and perceived value were adapted from the research of Akbar, Yawar, & Gafar (2021), the quality perception indicators were adapted from Osei-Frimpong, Donkor & Owusu-Frimpong (2019), and purchase intention indicators were adapted from Khan, Memon, & Kumar (2019). The collected data was then analyzed using the PLS SEM technique with SmartPLS application. PLS SEM analysis is divided into outer model to evaluate the validity and reliability of the model, and inner model to predict how latent variables will interact (Ghozali, 2015).

Result and Discussion
Characteristics of respondents
80% of respondents in this study are women, 60% of the respondents are in the range of age between 18-25 years, 71% of respondents are live in Jabodetabek areas, and the dominated income is 42% in the range of 5 – 10 mio rupiah.

Outer Model
The outer model analysis consists of validity testing through convergent and discriminant validity, and reliability testing. The result is presented in table 1.
Based on the results that are presented in Table 1, it shows that all measurement data have met the validity and reliability requirements. It can be seen each item have outer loading value greater than 0.7, with CA and CR values in each variable are > 0.7 (Hair et al, 2019). It means the items measured reflect their respective constructs and can be relied upon to answer the research hypothesis.

For the discriminant validity test, we use the HTMT ratio method, which satisfies discriminant validity when the correlation ratio between the constructs is < 0.9 (Henseler et al, 2015). The results in Table 2 show that all correlations between the constructs are less than 0.9, so the discriminants are sufficiently valid.

**Table 1. Construct Validity and Reliability**

<table>
<thead>
<tr>
<th>Construct</th>
<th>Items</th>
<th>LF</th>
<th>AVE</th>
<th>CR</th>
<th>CA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Celebrity Endorsement</td>
<td>CE1</td>
<td>0.778</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CE2</td>
<td>0.849</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CE3</td>
<td>0.889</td>
<td>0.694</td>
<td>0.919</td>
<td>0.889</td>
</tr>
<tr>
<td></td>
<td>CE4</td>
<td>0.862</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CE5</td>
<td>0.781</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perceived Quality</td>
<td>PQ1</td>
<td>0.882</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PQ2</td>
<td>0.924</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PQ3</td>
<td>0.873</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PQ4</td>
<td>0.904</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perceived Value</td>
<td>PV1</td>
<td>0.888</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PV2</td>
<td>0.776</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PV3</td>
<td>0.829</td>
<td>0.803</td>
<td>0.942</td>
<td>0.918</td>
</tr>
<tr>
<td></td>
<td>PV4</td>
<td>0.889</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PV5</td>
<td>0.899</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase Intention</td>
<td>PI1</td>
<td>0.807</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PI2</td>
<td>0.864</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PI3</td>
<td>0.873</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PI4</td>
<td>0.812</td>
<td>0.732</td>
<td>0.942</td>
<td>0.928</td>
</tr>
<tr>
<td></td>
<td>PI5</td>
<td>0.880</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PI6</td>
<td>0.894</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: CR = Composite Reliability; AVE = Average Variance Extracted; CA = Cronbach Alpha

**Table 2. Heterotrait-Monotrait Ratio of Correlations (HTMT)**

<table>
<thead>
<tr>
<th></th>
<th>CE</th>
<th>PQ</th>
<th>PV</th>
<th>PI</th>
</tr>
</thead>
<tbody>
<tr>
<td>CE</td>
<td></td>
<td>0.728</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PQ</td>
<td>0.645</td>
<td>0.742</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PV</td>
<td></td>
<td>0.570</td>
<td>0.613</td>
<td>0.485</td>
</tr>
<tr>
<td>PI</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Inner Model**

The structural measurement model is used to prove hypotheses and explain R² value, Q² predictive relevance, and effect size or f² (Hair et al, 2017).

**Table 3. Inner Model Testing**

<table>
<thead>
<tr>
<th></th>
<th>f²</th>
<th>R²</th>
<th>Q²</th>
</tr>
</thead>
<tbody>
<tr>
<td>CE-PQ</td>
<td>0.766</td>
<td>0.434</td>
<td></td>
</tr>
<tr>
<td>CE-PV</td>
<td>0.525</td>
<td>0.344</td>
<td>0.774</td>
</tr>
<tr>
<td>CE-PI</td>
<td>0.054</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PQ-PI</td>
<td>0.108</td>
<td>0.391</td>
<td></td>
</tr>
<tr>
<td>PV-PI</td>
<td>0.002</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Structural model evaluations refer to R², Q², and f². An R² value of 0.19 is weak, 0.33 is moderate, and 0.67 is strong (Hair et al, 2017). Based on the analysis results in Table 3, the value of R² in the perceive quality variable is 0.434, the value of R² in the perceive value variable is 0.344, and R² value in the purchase intention variable is 0.391. These results indicate that celebrity endorsement contributed 43.4% to perceived quality, celebrity endorsement contributed 34.4% to perceived value, and celebrity endorsement along with perceive quality and perceive value contributed 39.1% to purchase intention.

The next structural model evaluation is f² test. A relationship has weak, moderate, and strong effects if the f² value is between 0.02 and 0.14; 0.15 – 0.34; and significantly greater than 0.35 [25]. The f² value between celebrity endorsement and perceived quality is 0.766 that shown strong effect. The f² value between celebrity endorsement and perceived value is 0.525 that shown strong effect. The f² value between celebrity
endorsement and purchase intention is 0.054 that shown weak effect. The f2 value of perceived quality on purchase intention is 0.108 that shown weak effect. The f2 value of perceived value on purchase intention is 0.002 that shown no effect.

Q² testing is the last structural model evaluation. The Stone-Geisser approach is used in Q² testing to evaluate the applicability of the research model's predictions. As a result, the Q² value is more than zero at 0.774. It shows that the model's predictive relevance is good.

<table>
<thead>
<tr>
<th>Path</th>
<th>Original Sample</th>
<th>T-Stats</th>
<th>P-Values</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>CE → PV</td>
<td>0.587</td>
<td>6.958</td>
<td>0.000</td>
<td>Accepted</td>
</tr>
<tr>
<td>CE → PQ</td>
<td>0.659</td>
<td>9.574</td>
<td>0.000</td>
<td>Accepted</td>
</tr>
<tr>
<td>CE → PI</td>
<td>0.248</td>
<td>2.331</td>
<td>0.020</td>
<td>Accepted</td>
</tr>
<tr>
<td>PV → PI</td>
<td>0.054</td>
<td>0.517</td>
<td>0.605</td>
<td>Not accepted</td>
</tr>
<tr>
<td>PQ → PI</td>
<td>0.392</td>
<td>3.374</td>
<td>0.001</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

Note: CE= Celebrity Endorsement; PQ=Perceived Quality; PV=Perceived Value; PI=Purchase Intention

After evaluating the structural model, then the hypothesis testing is conducted. Based on Table 4, four research hypotheses are accepted because the relationship between constructs has a significant value of less than 0.05 and a t-value > 1.96, while 1 hypothesis are not accepted because the relationship between the constructs has a significant value greater than 0.05 and a t-value < 1.96.

Discussion

Celebrity endorsement has a significant impact on perceived value. The path coefficient value indicates the direction of positive effect, which means that the better the perception of the celebrity endorsement will increase the perceived value. The result of past studies also supports this finding (Abou Ali Ali, & Mostapha, 2021; Imad-ud-din Akbar, Yawan, & Ghafar, 2021). This study prove that endorsements made by celebrities for local skincare products are able to encourage the formation of value perceptions for the products presented so as to encourage interest in local skincare products. Skincare consumers tend to look for reviews from celebrities who are familiar with skincare products. The compatibility of the image of a celebrity that endorses a local skincare brand is able to encourage trust in the information conveyed by a celebrity endorser.

This information can shape consumer perceptions of the value of endorsed local skincare brands. Celebrity endorsement has a significant impact on perceived quality. The path coefficient value indicates the direction of positive effect, which means that the better the better the perception of the celebrity endorsement will increase the perceived quality. The results of this study are in line with the findings from previous study (Osei-Frimpong, Donkor, & Owusu-Frimpong, 2019; Kanwar & Huang, 2022). The results of this study show that testimonials from celebrity advocates influence consumers when evaluating the quality of their preferred local skin care brands. Osei-Frimpong et al (2019) found that information conveyed by celebrity advocates became more credible and relevant, leading to higher perceptions of the quality of the advertised products, and suggested to be a quality indicator. When consumers find a certain skincare brand endorsed by a celebrity that is considered relevant and reflects the product’s image, consumers will perceive the quality of the existing brand referring to the information conveyed by the celebrity endorser.

Perceived value significantly does not have an effect on purchase intention. The results of this study are contrary to several former research that found that perceived quality positively has an influence on purchase intention (Abou Ali et al, 2021 & Wu et al, 2022). However, the finding of Rama & Pratiwi (2021) is in line with study this where they found the perception of value has no significant effect on purchasing decision for different context. These results indicate that the value perceived by consumers for local skincare brands may not necessarily drive their purchase intentions. This can be due to other factors such as the type of product that does not meet consumer needs or misinterpret value that perceived by consumers because they think that celebrities tend to use products that are high value or expensive.

Perceived quality has a significant effect on purchase intention. The path coefficient value indicates the direction of positive effect, which means the better the perceived quality will increase the purchase intention. Based on previous study, it found that perception of quality drives consumer buying intention (Osei-Frimpong et al, 2019 & Yan, Xiaojun, Lee & Dong, 2018). Lee et al (2019) also found the most important element impacting customer intention to purchase a product is perceived quality. The result of this study proved that perceived quality is important to promote purchase intention of local skincare brands. Consumers who believe in celebrity tastes will find the products they endorse to be of good quality, this is what can encourage consumer intentions to try using the endorsed product.

Celebrity endorsement has a significant impact on purchase intention. The path coefficient value indicates the direction of positive effect, which means the better the perception of the celebrity endorsement will increase the purchase intention. Some prior research supports this finding (Khan, Memon, & Kumar, 2019; KV, KP, & Kamath, 2021). Consumers can easily associate celebrities with product promotions, which can help them recall the message conveyed and influence purchase intentions. Celebrities who have many followers can influence consumers with the endorsed information for local skincare brands. The image of a celebrity that endorses a local skincare brand is able to encourage trust in the information conveyed by a celebrity endorser.

Endorsement and purchase intention is 0.054 that shown weak effect. The f2 value of perceived quality on purchase intention is 0.108 that shown weak effect. The f2 value of perceived value on purchase intention is 0.002 that shown no effect.
celebrity that fits the brand will increase consumers’ attention and trust that will encourage the purchase intention. The study's findings also indicate that the impact of celebrity endorsement on purchase intention is mediated by perceived quality. The finding of Osei-Frimpong et al (2019) showed same result. Perception of quality is an important aspect needed to encourage consumer purchase intentions.

Conclusion and Recommendation

The beauty industry, especially local skincare brands which are growing rapidly, encourages companies to compete to attract consumers to use their products. One marketing strategy that is the mainstay of many companies today is celebrity endorsement. Celebrity endorsements is used to attract public attention based on information from public figures they know. The finding of this study describe that celebrity endorsements has an influence on the formation of perceived value and perceived quality in the eyes of consumers. It has been demonstrated that perceived quality acts as a mediator to increase the impact of celebrity endorsements on customer purchase intentions. Endorsed activities carried out by celebrities are able to shape perceptions of the quality of the products offered. Consumers who see celebrities using local skincare brand products perceive these local brands as having good quality because celebrities also use these products. Even though celebrity endorsements are able to influence consumer value perceptions, the perceptions formed have not been able to drive consumer purchase intentions. Consumers can indeed form a perception of value for local skincare products based on information or reviews provided by celebrities, but the perceived value that is formed can be misinterpreted by consumers who think celebrities tend to use expensive products. The choice of the ideal celebrity for endorsement is crucial for the local skincare brand company. Not every celebrity is suitable for different product categories and audiences. Hence, a corporation should choose a celebrity who reflects the qualities of the product, the target consumer's personality, and other relevant factors.

There are some limitations on this research. This research only discussed variables of celebrity endorsements and purchase intentions. It has not included the actual behavior of purchasing. This study also has not specifically discussed the effect of celebrity endorsement attributes on purchase intention. Future research could examine the mediators of celebrity endorsements and purchase intentions in actual purchase behavior as well as examine the dimension of celebrity endorsement on purchase behavior.

References


