

UNIVERSITY OF LJUBLJANA  
SCHOOL OF ECONOMICS AND BUSINESS

MASTER'S THESIS

**THE IMPACT OF CELEBRITY ENDORSEMENT ON CONSUMER  
BRAND QUALITY PERCEPTION OF SPORTING GOODS**

Ljubljana, September 2020

JANŽA VIDONI

## AUTHORSHIP STATEMENT

The undersigned Janža Vidoni, a student at the University of Ljubljana, School of Economics and Business, (hereafter: SEB LU), author of this written final work of studies with the title The impact of celebrity endorsement on consumer brand quality perception of sporting goods, prepared under supervision Professor Vesna Žabkar, PhD,

### DECLARE

1. this written final work of studies to be based on the results of my own research;
2. the printed form of this written final work of studies to be identical to its electronic form;
3. the text of this written final work of studies to be language-edited and technically in adherence with the SEB LU's Technical Guidelines for Written Works, which means that I cited and / or quoted works and opinions of other authors in this written final work of studies in accordance with the SEB LU's Technical Guidelines for Written Works;
4. to be aware of the fact that plagiarism (in written or graphical form) is a criminal offence and can be prosecuted in accordance with the Criminal Code of the Republic of Slovenia;
5. to be aware of the consequences a proven plagiarism charge based on the this written final work could have for my status at the SEB LU in accordance with the relevant SEB LU Rules;
6. to have obtained all the necessary permits to use the data and works of other authors which are (in written or graphical form) referred to in this written final work of studies and to have clearly marked them;
7. to have acted in accordance with ethical principles during the preparation of this written final work of studies and to have, where necessary, obtained permission of the Ethics Committee;
8. my consent to use the electronic form of this written final work of studies for the detection of content similarity with other written works, using similarity detection software that is connected with the SEB LU Study Information System;
9. to transfer to the University of Ljubljana free of charge, non-exclusively, geographically and time-wise unlimited the right of saving this written final work of studies in the electronic form, the right of its reproduction, as well as the right of making this written final work of studies available to the public on the World Wide Web via the Repository of the University of Ljubljana;
10. my consent to publication of my personal data that are included in this written final work of studies and in this declaration, when this written final work of studies is published.

Ljubljana, September 2020

Author's signature: \_\_\_\_\_

# TABLE OF CONTENTS

<b>INTRODUCTION .....</b>	<b>1</b>
<b>1 CELEBRITY ENDORSEMENT-THEORETICAL OVERVIEW .....</b>	<b>2</b>
<b>1.1 Celebrity endorsement outline and characteristics.....</b>	<b>2</b>
1.1.1 Celebrity endorsement terminology .....	3
1.1.2 Celebrity endorsement types .....	5
1.1.3 Athlete celebrities as endorsers .....	6
<i>1.1.3.1 Athletes as their own brands .....</i>	<i>7</i>
<i>1.1.3.2 Athlete team celebrities and sponsorship.....</i>	<i>8</i>
<b>1.2 Impact of celebrity endorsement .....</b>	<b>8</b>
1.2.1 Theoretical models as pre-conditions for celebrity endorsement’s impact .....	9
<i>1.2.1.1 Source credibility model.....</i>	<i>9</i>
<i>1.2.1.2 Source attractiveness model.....</i>	<i>10</i>
<i>1.2.1.3 Match-up hypothesis.....</i>	<i>11</i>
<i>1.2.1.4 Meaning transfer model .....</i>	<i>11</i>
<i>1.2.1.5 SCBI- Sport celebrity brand image model .....</i>	<i>12</i>
1.2.2 Role of media channels .....	13
1.2.3 Impact types for company and brand .....	14
<i>1.2.3.1 Product perceived quality and product price.....</i>	<i>14</i>
<i>1.2.3.2 Brand equity, brand quality perception, and brand loyalty.....</i>	<i>15</i>
<i>1.2.3.3 Sales, stock value, and purchase intent.....</i>	<i>16</i>
1.2.4 Impact types for an endorser .....	17
<i>1.2.4.1 Celebrity brand image and fame .....</i>	<i>18</i>
<i>1.2.4.2 Monetary and other wealth-related compensations.....</i>	<i>18</i>
<i>1.2.4.3 Expansion beyond endorsement .....</i>	<i>19</i>
<b>1.3 Risks and negative impacts of celebrity endorsement .....</b>	<b>20</b>
1.3.1 (Too) many endorsements, poor performance, and overshadow .....	20
1.3.2 Celebrity’s bad publicity .....	21
1.3.3 High costs and negative ROI.....	21
<b>2 CONSUMER AND SPORTING GOODS.....</b>	<b>22</b>
<b>2.1 Sporting goods industry.....</b>	<b>22</b>

2.2	Consumers of sporting goods.....	23
2.3	Celebrity endorsement in the sporting goods industry .....	24
3	<b>EMPIRICAL RESEARCH ON THE IMPACT OF CELEBRITY ENDORSEMENT ON CONSUMER BRAND QUALITY PERCEPTION OF SPORTING GOODS .....</b>	<b>25</b>
3.1	Hypotheses and research questions.....	25
3.2	Methodology and sample description .....	27
3.3	Results and the main findings.....	29
3.3.1	Descriptive statistics and sample demographic overview .....	29
3.3.2	Celebrity endorsement impact on consumer purchase intention.....	33
3.3.3	Celebrity endorsement impact on brand quality perception.....	36
3.3.4	Celebrity endorsement impact on brand loyalty .....	38
3.3.5	Additional findings.....	40
4	<b>DISCUSSION .....</b>	<b>42</b>
4.1	Summary of the main findings and implications .....	42
4.2	Limitations and recommendations for further research.....	44
	<b>CONCLUSION.....</b>	<b>45</b>
	<b>REFERENCE LIST .....</b>	<b>48</b>
	<b>APPENDICES .....</b>	<b>59</b>

## **LIST OF FIGURES**

Figure 1:	Source Credibility Model .....	10
Figure 2:	McCracken’s Meaning Transfer Model .....	12
Figure 3:	Sales of Sportswear 2007-2024 .....	22
Figure 4:	Hypotheses constructs – a visual representation .....	27
Figure 5:	Age groups (n = 102).....	30
Figure 6:	Education level (n = 102) .....	30
Figure 7:	Net monthly income (n = 102) .....	31
Figure 8:	Physical activity (n = 102).....	31
Figure 9:	Country of residence (n = 102).....	32

## **LIST OF TABLES**

Table 1:	Descriptive statistics.....	32
----------	-----------------------------	----

Table 2:	Correlation – purchase intention.....	34
Table 3:	Multiple regression – purchase intention – stepwise.....	35
Table 4:	Correlation – brand quality perception.....	36
Table 5:	Multiple regression – brand quality perception – stepwise.....	37
Table 6:	Correlation – brand loyalty.....	38
Table 7:	Multiple regression – brand loyalty – stepwise.....	39
Table 8:	Independent T-test for gender.....	41
Table 9:	Independent T-test for sports expert celebrity.....	41

## LIST OF APPENDICES

Appendix 1:	Executive summary in Slovene.....	1
Appendix 2:	Multiple regression enter method results-purchase intent.....	4
Appendix 3:	Multiple regression enter method results-brand quality perception.....	6
Appendix 4:	Multiple regression enter method results-brand loyalty.....	8
Appendix 5:	Questionnaire.....	9

## LIST OF ABBREVIATIONS

sl. – slovene

**BTT** – (sl. prenos lastnosti blagovne znamke); brand trait transference

**CEO** – (sl. direktor uprave); chief executive officer

**EUR** – (sl. evro); euro

**FIFA** – (sl. mednarodna nogometna zveza); Federation Internationale de Football Association

**Gen Z** – (sl. generacija Z); generation Z

**ID** – (sl. identifikacija); identification

**MABI** – (sl. model podobe blagovne znamke športnika); model of athlete brand image

**ROI** – (sl. donosnost naložb); return on investment

**SCBI** – (sl. podoba blagovne znamke športnega zvezdnika); sport celebrity brand image

**SPSS** – (sl. statistični program za družboslovne znanosti); statistical package for social sciences

**TV** – (sl. televizijski sprejemnik); television

**UK** – (sl. Združeno Kraljestvo); United Kingdom

**USA** – (sl. Združene države Amerike); United States of America

**USD** – (sl. ameriški dolar); United States dollar

**VIF** – (sl. faktor inflacije variance); variance inflation factor



## **INTRODUCTION**

In the year 2020, society has reached the level of a highly cluttered environment when it comes to advertising. Moreover, it has been years, since companies and big advertisers looked into different ways of how to stand out from the competition in this crowded space. With the main goal being effective communication and consequently gaining consumers' attention, the awareness and positive attitude towards a product, companies have been adopting various techniques (Khan, Memon & Kumar, 2019) from product and service innovations, personalized purchase experiences, and overall marketing communications enhancements. One of the popular approaches has been celebrity endorsements (Yannopoulos, 2012).

Celebrities have been proven successful in reaching the targeted audience, which means to grab attention through their attributes, such as attractiveness, likeability, expertise, and trustworthiness. It is believed that these celebrity qualities can transfer to the endorsed brand and produce a positive outcome for the brand and company (Muda, Musa & Putit, 2012).

Sport and sporting industries have been enjoying great attention. The main reasons for this are the public perception that sport increases physical and mental health, as well as the sport is a popular form of entertainment for many people (Euromonitor International, 2014b). According to Euromonitor International (2020a), the sportswear market is worth almost 300 billion EUR globally and is forecasted to grow 7% annually between 2019-2024. The report from the same organization issued in 2018 points out that not only a growing number of the population is more aware of their health, but also a healthy and attractive lifestyle is advertised extensively by the mass media. The potential for the sporting goods industry is there. Also, because the worlds of lifestyle and sport are merging, resulting in many outfit trends is a hybrid of both ends. Looking good while working out and wearing comfortable, functional, and fashionable items for everyday use is what consumer trends are telling us.

Many sportswear brands and companies involved in the sporting industry have been utilizing athlete celebrities as their assets or commodities that – through sponsorship and endorsement contracts – aim to create a favorable image for the sponsor, as well as their athlete brand (Flint, Peake, Plumley & Polyakova, 2014).

Companies are not only facing the competitive landscape but also challenging times with digital advertising and social media trends changing rapidly and drastically shaping the modern advertising environment. Therefore, it is fair to say that those companies which tend to keep up with advertising trends, listen to their consumers, and adopt effective marketing communications techniques are more likely to break through the competitive clutter.

This master's thesis aims to contribute to the existing findings and literature around celebrity endorsement by researching what impact celebrity endorsement has on purchase intention, brand quality, and brand loyalty, focusing particularly on the sportswear brands and sporting

goods industry. It also looks into the role that celebrities play in the process of marketing communications with creating interest, impacting brand perception, and eventually directly or indirectly convincing consumers to purchase the brand.

The research question, the guiding principle of the thesis is: “what impact does celebrity endorsement of sporting goods have on consumer purchase intention of the endorsed product, brand quality perception, and brand loyalty of the endorsed brand?”. In other words, to what extent are celebrity endorsements resulting in changed purchase intention, brand quality perception, and brand loyalty with the targeted consumer. The objective is to find whether there is any relation between celebrity endorsement and consumer buying behavior, brand perception, or brand preference known as brand loyalty. The thesis aims to contribute to findings available to date by proving or disproving that usage of celebrity endorsement as a marketing tool is worth investing in.

The methodology used in this thesis is, firstly, objectively looking into the existing research on the topic using it as a guiding tool for the thesis structure and, secondly, the quantitative method of the structured questionnaire was used for the empirical part. Data analysis of the input provided by the survey results was conducted with the help of SPSS and Microsoft Excel software.

The structure of the thesis consists of four main chapters. The first one addresses the theoretical overview covering the established terminology around celebrity endorsement, different types of celebrity endorsements, and athletes as celebrities. Furthermore, the chapter covers different impact types (for the brand and the endorser), the role of media channels in the process, and, finally, the risks of celebrity endorsement. The second chapter touches on sporting goods industry facts and consumer profiling. In the third chapter, the entire extent of empirical research is covered from hypotheses setting and research questions to methodology description. The chapter closes with the analysis of results and the main findings of the survey using established statistical methods, such as multiple regression, correlation, and independent T-test. The last chapter, number four, offers a summary of the main findings and implications, as well as addressing the research limitations and recommendations for further research.

## **1 CELEBRITY ENDORSEMENT-THEORETICAL OVERVIEW**

### **1.1 Celebrity endorsement outline and characteristics**

The registered beginnings of celebrity endorsement emerge in the late 1800s with Mark Twain endorsing cigars and Queen Victoria’s royalty endorsing laundry detergent (Piccalo in Muda, Musa & Putit, 2012, p. 375). A lot has changed since and using celebrities in advertising, as we know it today, originated in the USA in the 1950s. Being free, popular, and rich, like Hollywood celebrities, painted a perfect picture of the American dream. It



quickly spread to other countries as mass media became more accessible and so did commodities for consumers (Rojek, 2001). In the late 1990s in Japan, as high as 70% of ads featured local and global celebrities (Kilburn, 1998; Wonderhatc, 2019). According to more recent research, about 17% of all ads worldwide feature celebrities (Shimp & Andrews, 2013). For western cultures (USA and UK in particular), this number is estimated to be between 20% and 30% (Schimmelpfennig & Hollensen, 2016).

The majority of the literature is reporting a growing trend in celebrity-endorsed campaigns over the years (Erdogan, Baker & Tagg, 2001; Törn, 2012; Schimmelpfennig & Hollensen, 2016). Some even conclude that celebrity endorsement is reaching the maturity of the most desired advertising approach of all time and that the use of celebrity endorsers continues to grow (Chung, Derdenger & Srinivasan, 2013).

Therefore, it is interesting to observe that on the other hand, some researchers found that celebrity usage in western countries has been in the decline over the recent 10 years. They report that their percentage tops at 10% across different media. The situation in Asia is on the contrary spectrum (Schimmelpfennig & Hollensen, 2016). Kantar's research also supports the findings of reducing celebrity presence in ads, as well as that these numbers vary across the countries and cultures. They found that the percentage of celebrities in advertising continues to be highest in Korea and Japan with 40%, North America sitting at 11%, and UK at 11% (Dasgupta, 2018). It can be argued that this is due to shifting away from traditional classic celebrities to “new age” influencers who might not fall into the typical classification of celebrity yet (Patel, 2019; Nouri, 2018; Schouten, Janssen & Verspaget, 2020).

Euromonitor's survey revealed that one-tenth of consumers consider celebrities as their role models. Amongst the younger generation (15-19 years), it was 18% of them (and 23% if the celebrities are musicians and performers) (Euromonitor International, 2014a). Therefore, it is no surprise that advertising through celebrity endorsements has been extremely popular and considered effective for many companies (Gupta, Kishore & Verma, 2015). It is positioned as a common aid in promotional strategy when companies launch new products and with brand positioning (Erdogan, Baker & Tagg, 2001).

### 1.1.1 Celebrity endorsement terminology

To properly research if and what impact celebrity endorsement has on consumers, it is important to understand the key terms that will be used across this research. The following chapter will cover the definitions of key expressions used in the context of celebrity endorsement.

Celebrities are more than famous individuals. They are personalities, sometimes even referred to as human brands that are well recognized by the public and have a strong image and value in people's minds. They also have significant power to pursue. Be it by being

likable, attractive, trustworthy, credible, or simply because they match with the subject of persuasion (McCracken, 1989). Today, images of celebrities are present is consumers every day, either through advertising or simply at the forefront of entertainment media that interests the public. These mass media images can aide in the familiarization of the celebrity. Celebrities have a unique position in the advertising landscape due to their respective careers, as well as from the constant media attention many receive (McCormick, 2016). To an average person, celebrities appear magical, even superhuman and mass media presence plays a key role in forming that image (Rojek, 2001, p. 13).

As Cambridge Dictionary (Endorsement, no date) defines it, the endorsement is the act of saying that someone approves of or supports something or someone. Synonyms for endorsing are backing, supporting, and defending. Banton (2019), explains it as a public declaration made by a person or entity, expressing support for a person, product, concept, or service. She also takes it out of traditional consumeristic context when explains that endorsement commonly comes in the form of a government official or influential person supporting a political candidate.

Celebrity endorsement has been defined by McCracken (1989), who many consider as the pioneer of celebrity endorsement research, as and action of any individual who enjoys public recognition using their status for promoting a consumer good by appearing with it in the advertisement. Advertising that involves famous, well recognizable people to promote something (product, service, brand, and concept) is called celebrity endorsement, according to Business Dictionary (Celebrity endorsement, no date).

The term sponsorship could be used as a synonym in some cases. However, it is worth mentioning that sponsorship gives higher attention to events and entities whereas celebrity endorsement focuses more on individuals. Sponsorship is defined as “providing support for and associating the organization’s name with events, programs, or even people such as amateur athletes or teams” (Peter & Donnelly, 2011, p. 126). As Yannopoulos (2012) introduces, celebrity endorsement and sponsorship is a common practice of many corporations which help increase brand awareness and positioning for their products.

When it comes to defining terms around celebrity endorsers, additional terms are used across the industry to describe the action of endorsing using well-known names to promote. I want to quickly touch on these and give a brief definition for an influencer and an ambassador as well. Despite being similar in their purpose, influencers are a relatively new term compared to endorsers. Influencers (also called micro-celebrities) are individuals who practice self-expression through predominantly social media. They strategically draw attention by revealing personal information on social media platforms, particularly Instagram (Marwick, 2015). Influencers have a large number of followers and are experts in a specific area. They promote brands they have an affinity for and treat their channels as a business. Brand ambassadors differ from influencers by having a deeper and longer relationship with the brands that hire them. They are proud of their ambassadorship and show it to their fans

(Sussman, 2015). This thesis does not particularly distinguish the impact of different endorsers but rather uses well-established and recognized individuals regardless of their relationship with the brand. The criteria and approach are further explained under the empirical research methodology.

Finally, the advertisement can be defined as “the art of persuasion” focusing on awareness about the advertised subject. The number one goal of an advertisement is to convince and evoke an action, the ideal one being the purchase of what is advertised (Rameez ul Hassan & Jamil, 2014).

### 1.1.2 Celebrity endorsement types

Friedman and Friedman (1979) classified endorsers into three groups. First being the celebrity, second the expert, and third the typical endorser. A specific endorser can fall under more than one category despite distinct classification characteristics. In this chapter and the entire thesis for this matter, I will be focusing only on the celebrity type.

Primarily, I would like to address the different types of celebrities and secondly, the different types of celebrity endorsements. Types of celebrities can be classified based on their initial status, activity, or profession they are originally known for, like musicians, athletes, actors, models, chefs, designers, politicians, etc. Rojek (2001) defines these as “achieved” celebrities because of their talents and accomplishments. He separates the so-called ascribed celebrities, referring to e.g. royals or anyone who enjoys their status due to their bloodline.

When it comes to types of celebrity endorsements, there are numerous classifications possible, e.g. based on collaboration duration (long vs. short-term) (Pringle, 2004, p. 274), reach (global vs. local) (Thompson, 2010, p. 3), and payment forms (Elberse & Verleun, 2012). For this thesis, however, the most important is how the message gets to the consumer. According to Pringle (2004, 2012), there are six main ways: testimonial, customer, product placement, sponsorship, boss/employee, and owner. Despite the overlap, the most commonly used is a testimonial which includes a celebrity’s involvement in a type of voiceover, music, faces and photography, TV, and live appearances. A celebrity as a customer occurs because celebrities are consumers by their nature. With basic needs for commodities like food, clothes, accommodation, and so on, they purchase and hence promote brands and products with sometimes not being aware of it. When a celebrity is deliberately purchasing a product with greater commercial benefit, this act goes beyond private purchasing exercise and is considered product placement. Sponsorship is a collaboration with the act of support and help (often in a materialistic form) from the sponsor towards the celebrity, which helps in building the sponsor’s positive brand image. A boss/employee celebrity is a scenario when a brand has a famous employee or CEO, e.g. former Apple’s CEO Steve Jobs. Celebrity endorsement in case ownership happens when a celebrity buys or established his/her own company using their name and fame for promotion. Product extension lines are also an example of an “owner” endorsement type (Pringle, 2004).

Another categorization can be observed in Euromonitor's report (Euromonitor International, 2014a), with endorsement types being the following 10: celebrity entrepreneurs, licensing name, brand ambassadors, celebrity-branded products, brand collaboration, assuming a company title, co-advertising partnership, endorsing a product on social media, lending celebrity voices, and promoting charitable causes.

When it comes to criteria for a celebrity endorsement to work, choosing the right way to activate the partnership, the right endorsement type is without a doubt one of them (Pringle, 2004).

### 1.1.3 Athlete celebrities as endorsers

Athletes are often used in the sporting goods industry as endorsers. Therefore, they represent the key focus subject of this research. In this chapter, I am addressing their role in celebrity endorsement as an advertising discipline.

There are well-recognized positive effects of playing sports that are beyond the physical (Behnoosh, 2018). They are those of a psychological nature. As Kahle and Riley (2004) confirm, team building, leadership, challenge, triumph, failure, humanity, sportsmanship, fragility, belonging, and comradeship are a few of the so-called life skills impacted as well.

According to Kahle and Riley (2004, p. xvii) "Sports provide real-time drama, often connected to a place or institution, which emphasizes strategy and skill, beauty and talent, competition and teamwork, winners and losers. Most sports appeal to the most basic human understanding, making sports a popular subject for media coverage and fundamental social interaction." therefore, it is not surprising that sports sponsorship has become a 60 billion USD industry and top paid athletes earn more with their endorsements than with playing sport (The Nielsen Company, 2019b).

By appealing to consumers on an emotional level, athlete endorsement has a positive impact on brand image and recognition, product positioning, purchase behavior, and effectiveness of advertising (Dugalić & Lazarević, 2016; Flint & Peake, 2016; Frederick & Patil, 2010). The same idea is summarized by Kahle and Riley (2004). They conclude that the direct impact of an athlete's endorsement on the sales and revenue numbers might be hard to measure. However, there is sufficient research that proves the impact on stock price movements. Furthermore, they point out a positive impact on recall, brand equity, and emotional connection under the condition of strong athlete & product/brand connection.

According to Yannopoulos (2012), athlete product endorsement is more successful when the testimonial is believable and when there is a high chance that the athlete used the product. Pringle (2004, p. 154) agrees by saying customers tend to believe that the first-class sporting performance of an athlete relates to the sports product they endorse. This strategy could be

risky in the case of poor athletic performance having the opposite effect on the product (Yannopoulos, 2012).

However, despite the believability condition, athletes have been endorsing a wide range of products and brands from different industries beyond sport (Barnett, no date). Dugalić and Lazarević (2016) believe they have been successful at it because sport in general is a highly valued industry amongst consumers. Similarly, Manta (2013) believes when he says that people have a special emotional connection to specific sports teams and individuals. Besides, business is utilizing that connection between athletes and fans. To identify what makes athlete endorsement successful, one can use different models to measure and identify the athlete's fit for endorsement. The first model is called the model of athlete brand image (MABI) and it identifies three dimensions that aid athlete brand image. These are athletic performance, attractive appearance, and marketable lifestyle (Arai, Ko & Ross, 2014). The second model is a sports celebrity brand image (SCBI), which is addressed in more detail in the following chapter. Finally, the athletic star power factors model which is defined by Braunstein and Zhang (2005). It consists of professional trustworthiness, likable personality, athletic expertise, social attractiveness, and characteristic style. To measure an athlete's image, these factors are measured and scored with consumer's input and positioning in the media.

However, the sports star's fame does not come without any risk. Their equity depends heavily on their sports performance where losing and injuries are inevitable and limited to major sporting events only. Besides that, scandals are often a companioning tag for athletes as for any other public figures (Barnett, no date).

#### *1.1.3.1 Athletes as their own brands*

According to some research, focusing on this topic, athlete celebrities represent a bigger persona than just a sportsman. Recently, the term "athlete brand" has been used to describe their diverse areas of impact and multi-functional nature (Arai, Ko & Ross, 2014). These branding strategies help them attain better negotiation power with contractors and keep the fans in case of decreased sports performance (Gladden & Funk, 2001).

According to The Nielsen Company (2019b), athletes have strongly defined values and ideas for how they wish to be perceived by the public on and off their sporting field. With athlete brands emerging, there is a need for new considerations, for example, what is the right ratio between private and endorsement purpose exposure or how to go about in the case athletes represent more than just their core activity and take a side in social or even political topic. This is a particularly relevant question in the time of social media prevalence and high pressure from consumers expecting celebrities to be socially conscious (Butler-Young, 2019).

### *1.1.3.2 Athlete team celebrities and sponsorship*

Identification plays a key role in shaping one's behavior (Kelman, 1961). And as Kahle and Riley (2004) describe it, fans follow their sports teams because they identify themselves with the team. Authors believe that loyal team fans can transfer the positive attitude from a team towards the individual athlete celebrity. Moreover, this can be taken further to the product endorsed by this celebrity or even the team (McCracken, 1989).

Major companies searching for ways to reach their consumers look beyond individual athlete endorsements. Thus, they sponsor different sports teams, clubs, leagues, and events making sponsorship spend adding up to 46 billion USD globally (Cornwell, 2008). Through sponsorship, companies give funds and/or sportswear in return for exposure, increased goodwill, and ultimately enhanced brand equity (Morgan & Miyazaki, 2001).

When compared to advertising, sponsorships tend to have a longer-lasting impact, be more cost-effective, and generate community goodwill (Frederick & Patil, 2010). On the other hand, social media plays in favor of recruiting individual athletes. According to The Nielsen Company (2019b) report, individual athletes tend to be more successful in changing brand perception and influencing purchasing behavior when compared to teams. This is particularly true for younger consumers. Furthermore, the same report states that regulations around leagues and clubs present a hurdle in campaign planning.

To conclude, athlete celebrities are becoming even more important assets for endorsing companies as the popularity of major sporting events (e.g. Olympic Games, Super Bowl, FIFA World cup, etc.) continues to grow (Euromonitor International, 2014a).

## **1.2 Impact of celebrity endorsement**

The goal of this chapter is to describe the existing theoretical models within celebrity endorsement as preconditions for implementation and success, as well as different types of celebrity endorsement impact and the role that media channels play in the mix.

Despite the quick-changing nature of advertising, the key three pillars of advertising remain the same: reach, resonance, and reaction (The Nielsen Company, 2015). Triggering consumer's emotions is what makes an impact in an advert (The Nielsen Company, 2015). This supports the previous research and theory of Lavidge and Steiner (1961) saying that it is not only facts and information consumers are interested in an ad. Through feelings and attitudes, they develop liking, preference, and ultimately make an action. Pringle (2004, p. 67) takes it even a step further. Companies are indeed driven by the economic bottom line but in the 21<sup>st</sup> century, the success measurements go beyond that. They are also emotional and ethical (giving something back to society). He believes celebrities can represent brand values that are of ethical, political, or spiritual nature.

Many studies confirm that celebrity endorsement is impactful and that raises advertising effectiveness (Schouten, Janssen & Verspaget, 2020, p. 259). I addressed this topic also in the chapter “athlete celebrities as endorsers”. Nevertheless, the research has also shown that using celebrities in advertising can be less persuasive or even legally impossible, in particular, for financial services and the alcoholic drinks market (Pringle, 2012).

In the research field of the topic, it is often stated that celebrity endorsement appeals more towards younger generations. According to one specific study by Advertising Age, however, young people look at advertising as a form of entertainment rather than advertising having any persuasive power over them (Kahle & Riley, 2004). As the researchers in The Nielsen Company report (The Nielsen Company, 2015) state, it is many factors that contribute to successful advertising. From knowing the target group (globally and locally), they can be reached by the right content via the right channel appealing to the right interests. Besides, adding the right endorser to carry the message might be the winning formula.

### 1.2.1 Theoretical models as pre-conditions for celebrity endorsement’s impact

Hovland and Weiss (1951) researched the foundations of communication already back in 1951 and established the “source credibility model” representing the baseline for further research. Based on this groundwork, three more models have emerged: source attractiveness model, product match-up hypothesis, and the meaning transfer model (Erdogan, Baker & Tagg, 2001). Besides these four, the upcoming chapter will shortly address one additional model that is specific to athlete celebrities: the sports celebrity brand image model (SCBI) (Sassenberg, Verreynne & Johnson Morgan, 2012).

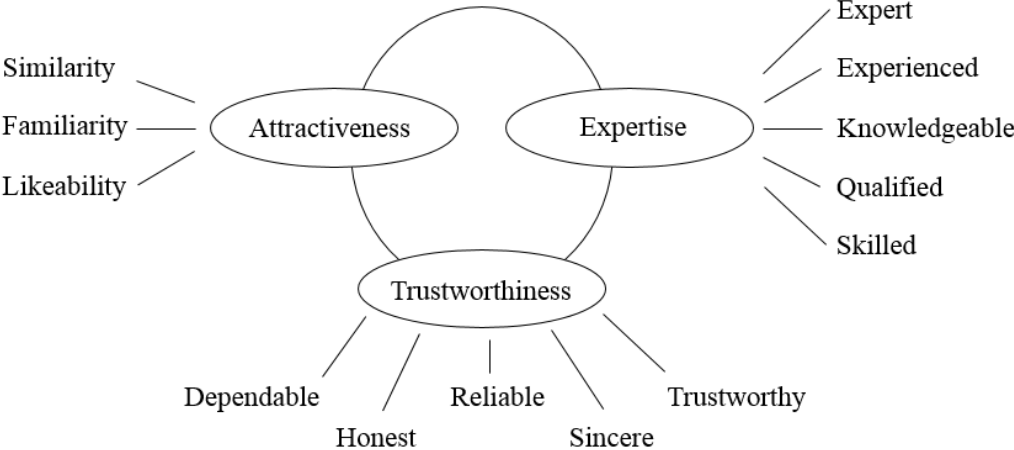
#### 1.2.1.1 *Source credibility model*

Many marketing researchers have been studying and measuring how and when celebrity endorsement has an impact on consumers. Most of them suggest that if celebrity (referred to as source) is perceived credible, this increases consumer’s attention and positive image towards the brand and that it ultimately leads to purchase. It is a general principle that people trust credible sources, hence are open to the message they carry (Yilmaz, Telci, Bodur & Iscioglu, 2011).

As Behnoosh (2018) summarizes, the source credibility model was introduced decades ago and identified two main dimensions of the model: the expertise and the trustworthiness. The expertise consists of intelligence and knowledge while trustworthiness stands for the unbiased and objective endorser. As she consolidates an array of research, expertise can be obtained through study, training, or experience and is not limited to well-known endorsers. Non-celebrity endorsers can also be considered as experts. If a person sending the message showcases expertise and is trustworthy, he or she tends to be more persuasive (Erdogan, Baker & Tagg, 2001). Khan, Memon and Kumar (2019) argue that the long-term relationship

between brand and consumer can be built based on the endorser’s credibility and emotional attachment. Furthermore, Muda, Musa, Mohamed, and Borhan (2014) conclude that consumers are motivated to recommend products to others if the advertisement is credible. The research by Friedman and Friedman (1979) confirms the importance of credibility by stating that no other endorser’s attribute is as effective as trustworthiness and that using an expert to convey the message is especially important in the case of complex and expensive products, the so-called “high involvement purchases”. When it comes to “low involvement purchases”, the best-suited endorsement uses the attractiveness attribute which I cover in the next paragraph. Ohanian (1990) also included attractiveness as the dimension of credibility, as can be seen in the Figure 1.

Figure 1: Source Credibility Model



Adapted from Ohanian (1990).

1.2.1.2 Source attractiveness model

It is believed that the source attractiveness model was constructed by McGuire in 1985 and has established the four source attributes as a condition for message effectiveness: familiarity, likeability, similarity, and physical attractiveness (Behnoosh, 2018). Kelman (1961) describes that source attractiveness has an impact on the process of identification. The audience is very likely to adopt beliefs, interests, attitudes, and preferences of the source if they consider them attractive. The term attractive in this case goes beyond physical attractiveness and covers other attractive attributes, such as personality, lifestyle, intellect, etc. Anwar and Jalees (2017) point out that consumers compare their personalities with endorsers’ and when the comparison is favorable, it has an impact on consumer purchase intentions.

Most celebrities are considered attractive and in comparison to other attributes they possess, it is the first one that transfers to the audience. Research shows that source attractiveness is



connected to the receiver's behavior and if the source is likable and attractive, it can lead to greater acceptance of their message and, ultimately, of the advertisement (Behnoosh, 2018). The endorser's physical attractiveness drives attention to the advertisement (Erdogan, Baker & Tagg, 2001). It also has an impact on advertisement's rating and consumer buying behavior, especially if the endorser and the consumer are of opposite genders (Ohanian, 1990) and even more so if the endorsed product is meant to enhance one's physical appearance (Kamins, 1990).

#### *1.2.1.3 Match-up hypothesis*

Extensive research proves that source characteristics alone are not enough for effective celebrity endorsement. There needs to be a fit between the endorser and endorsed product or service as well. The terminology "match-up hypothesis" was introduced by Kahle and Homer (1985) suggesting that a good match can position the product higher than its physical attributes can. Kamins (1990) argues that endorsement is effective when associated attributes of the endorser and endorsed brand match. This can be understood as co-branding, which is discussed in the chapter later.

If there is congruency between the endorser and the product, endorsers prove to be more effective. Believability is enhanced and so is the attitude towards the product and purchase intention (Till & Busler, 2000). Furthermore, the match between endorser and audience should be considered as well, for it can affect attitudes toward the product and brand. Ideally, the match-up between three entities (endorser, product, audience) should be considered (Behnoosh, 2018).

Ilicic and Webster (2013) study documented that information or message relevance plays a role as well. They conclude that consumers find celebrity-brand partnership more congruent not only when celebrities possess the same characteristics as the brand but also when they mention relevant information about the brand.

#### *1.2.1.4 Meaning transfer model*

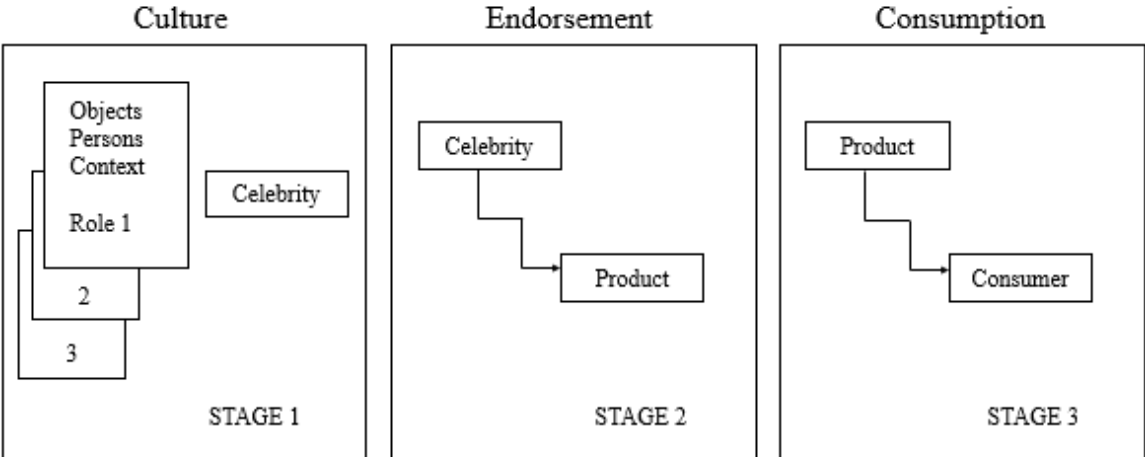
The meaning transfer model was introduced by McCracken (1989) stating that celebrity endorsers carry certain meanings or social-cognitive attributes (e.g. status, gender, class, personality traits, and lifestyle type) that mostly develop through celebrities positioning in society and how media portrays them. According to the model, these meanings can transfer onto the endorsed product or brand during the process of endorsement and then further pass from the product onto the consumers (receivers) who then relate with them and integrate them by using the product.

McCracken (1989) further points out that the nature of meaning which endorser brings to the process drives the effectiveness of endorsement. By transferring positive meanings,

positive reaction from consumers can be observed. He also states that each celebrity has a unique mix of meanings they convey and this can explain why particular celebrities perform better than others in certain situations. His model can be observed in the Figure 2.

A study by Muda, Musa and Putit (2012) documented that it is not only positive features that pass down from a celebrity to the product but negative as well. Furthermore, negative attributes might have a stronger impact because they are noticed quicker than positive ones.

Figure 2: McCracken’s Meaning Transfer Model



Source: McCracken (1989, p. 315).

1.2.1.5 SCBI- Sport celebrity brand image model

The model suggests that well-known athletes (referred to as sports celebrities) are brands on its own and that brand image characteristics, which is true in brand marketing theory, can also be applied to sport celebrity brands. Authors of this conceptual model stress that sports celebrity brand image can impact the attitudes of sport consumers and should be looked at in the context of sports celebrity sponsorship or endorsement (Sassenberg, Verreyne & Johnson Morgan, 2012).

The model identifies key brand attributes, brand match-fit, and persuasiveness elements of sport celebrity brands using the existing research of celebrity image as the foundation. The model points out that celebrity brand attributes consist of personal and sport-related attributes. Sport-related is the performance, experience, knowledge, athletic ability, and expertise. Personal attributes are trust, attractiveness, celebrity power, genuine support, exclusivity, and the match of image and values. SCBI model indicates that sports consumer’s behavior and actions are related to attitude towards the SCBI. Consumer behavior normally results in “attending games, watching sport on TV or listening to the radio, paying for cable to watch sport, buying merchandise, supporting sponsor products and services and positive

word-of mouth-communications” (Sassenberg, Verreynne & Johnson Morgan, 2012, p. 116).

### 1.2.2 Role of media channels

Standing out in today’s flood of advertisements is the ambition of every advertiser. By flood, I am referring to the overflow of advertising messages and cluttered media environment that can be associated with confusion and disorganization (Muda, Musa & Putit, 2012). According to Carr (2020), an average person sees from 6,000 to 10,000 ads per day, ten times more than a few decades ago when this number was between 500 and 1,600. There are different tactics that brands adapt to live up to the ambition of getting the target audience’s attention utilizing all the available media channels, from traditional (e.g. TV, radio, print, billboard) to “new” (e.g. internet, mobile applications, and digital screens).

Media play a huge role in positioning celebrities as recognizable by constant coverage and exposure. Without media exposing the celebrity repeatedly, this individual (or a group) would not be considered famous by most of the population (Manta, 2013).

More than 3.8 billion people use social media and the number is growing, predicted to reach half of the world’s population this year (Kemp, 2020). As consumers spend an increasing amount of time on social media platforms claiming their purchase decisions are influenced by social media (Euromonitor International, 2020b) advertising can be found across all social media platforms giving brands opportunities to interact with consumers and encourage purchase decisions (McCormick, 2016).

Celebrities tend to utilize the social media landscape as well. It enables them to connect with their fans (followers) faster than ever and position themselves as they want without the media mediator (McCormick, 2016). Marwick (2015) describes that social media enables a direct relationship between celebrity and fan giving the impression of access and honest interaction, which creates emotional ties between celebrity and fan, the so-called “parasocial interaction”. Similarly thinks Butler-Young (2019) when she writes about how Instagram and Twitter users feel connected with the brands (and their partners) on a human level due to their unlimited access enabled by the social media culture. And many brands are successfully utilizing this connection and reaching the celebrity’s fan base much quicker by collaborating with celebrities on social media (Euromonitor International, 2014a). With social media, celebrity endorsement reached a new dimension, influencer endorsement. Influencers are successful at self-promotion and their careers depend on the social presence (Schouten, Janssen & Verspaget, 2020). As mentioned, celebrities tend to have a large fan base on social media. Quite surprisingly, however, research of Aleti, Pallant, Tuan and van Laer (2019) showed that their engagement rate (by liking, sharing, and commenting) is lower when a celebrity’s post has an internally focused and emotionally neutral style.

On one hand, the popularity of social media is growing but on the other hand, consumers have become more conscious of the time they spend on social media and look for a digital balance. They have also become more alert to data protection issues (Euromonitor International, 2019). A noticeable skepticism around the authenticity of celebrity and influencer endorsement has been observed as well (Euromonitor International, 2020b).

When it comes to the Internet (often referred to as “online” or “digital”) related advertising, it is not only social media that serves as a gateway to reach the audience. With more than 4.5 billion people using it (Kemp, 2020), the Internet offers numerous and constantly evolving ways of digital advertising. From paid search ads on, search engines like Google, Bing, and Yahoo, to banners, video ads, streaming ads, email newsletters, and in-game ads (Carr, 2020). Even though brands invest more in leveraging the digital advertising opportunities, such as precise targeting and real-time adjustments, traditional media channels like TV should not be ignored for the best marketing investment return (The Nielsen Company, 2015).

However, everything is not as perfect as it seems. The Nielsen Company (2015) states that approximately one-third of campaigns showed online, do not produce increased awareness or purchase intent. This is due to consumers having more control over what content they consume and how they interact with brands than ever before.

### 1.2.3 Impact types for company and brand

In the world of advertising, the impact of ads matters a lot. Successful ones aim for changes in consumers’ cognitions and emotions, as well as their behaviors (Yilmaz, Telci, Bodur and Iscioglu, (2011). It is well-known that using celebrities in advertising is impactful (Schouten, Janssen & Verspaget, 2020; Munyoro & Nhevere, 2019; Rachbini, 2018) and the following chapters will address three different ways in which celebrity endorsement positively impacts brands and companies in particular. The first one is the impact on product quality and price. The second is the impact on brand equity, quality, and loyalty. And the third one is the impact on sales numbers, stock value, and purchase intent.

#### *1.2.3.1 Product perceived quality and product price*

The perceived quality is a combination of feelings, images, thoughts, perceptions, experiences, etc. and is beyond facts and knowledge that consumer has about the product (Keller, 2009).

The inclusion of celebrities in an ad has an impact on recognition and creates strong product perception (Rameez ul Hassan & Jamil, 2014; Rachbini, 2018). According to Pringle (2004), celebrity endorsing a product gives the impression that their looks, skills, and high performance are enhanced because of the product they use/endorse. This automatically

increases the image of a quality product. Muda, Musa and Putit (2012) argue that the power of celebrities lies in their credibility and that portrays the level of trustworthiness. People tend to trust and connect celebrities with quality products. Consumers believe that when their idols recommend products they are of high quality (Sabir, Safdar, Junaid, Khurshid & Shahnawaz, 2014).

On the contrary, Thompson (2010) concludes that celebrity endorsement does not increase trusting the product for the majority of people. Randhawa and Khan (2014) argue similarly that celebrities have no impact on the perceived quality of the product.

When it comes to product pricing, Euromonitor's report (Euromonitor International, 2014a) provides insights stating 66% of people are not willing to pay extra money for a product endorsed by a celebrity. That number is lower amongst the younger age group.

For some countries, however, this might be different. According to research (Euromonitor International, 2007), more than half of people in Asian countries believe that the use of celebrities in advertising makes a product more valuable. Pringle (2004, p. 230) describes another example when experienced and trusted celebrity endorsement enabled a price surcharge of 14% for a cosmetic brand.

The current literature does not provide extensive evidence of direct celebrity contribution to higher product prices, but it is generally accepted that brands with high-quality perception can charge price premiums. And brand quality perception is (amongst others) driven by favorable brand associations (Keller, 2009) which in this case, can be impersonalized in a celebrity.

#### *1.2.3.2 Brand equity, brand quality perception, and brand loyalty*

As purchasing intention represents the ultimate and most tangible measure of advertising efficiency, there has been a growing interest in researching the cognitive impact and more emotional dimensions as well (Yilmaz, Telci, Bodur & Iscioglu, 2011).

Brand equity is defined as the goodwill, the value that the brand has built over time (Shimp & Andrews, 2013). Looking from a financial viewpoint, brand equity accounts for the company's worth beyond tangible assets (Simon & Sullivan, 1993). Moreover, looking from the marketing side, brand equity is evaluated as positioning on the market and consumer's minds rather than in tangible and functional measurements. It also represents the probable benefits of customer retention, profit margins, brand choice, price premiums, etc. (Ross, 2006). According to Aaker (1996), brand equity consists of four dimensions: brand awareness, brand associations, brand loyalty, and perceived brand quality.

Erdogan, Baker and Tagg (2001) argue that because celebrities are considered likable and attractive, they tend to bring attention to advertisement and brand. Besides, according to

Mukherjee (2009), congruence of celebrity and product has a positive impact on brand image and consequently brand equity. Celebrity endorsement impacts the brand and company in one way or the other and often the lines between these impacts are not clear due to strong codependency and spill-over effect between brand dimensions.

As mentioned, perceived brand quality is a dimension of brand equity and as Aaker (1991) states, it is a feeling, a perception of recognized intangible associations with the brand. However, it is based on factual characteristics of the brand's products, namely reliability, and performance. As long as a celebrity is recognized for his/her familiarity, attractiveness, and trustworthiness, their endorsement will result in influencing consumer's perception of brand quality, brand loyalty, and purchase intention (Osei-Frimpong, Donkor & Owusu-Frimpong, 2019). Furthermore, Goldsmith, Lafferty, and Newell (2000) argue, endorser's credibility positively impacts the image of brand quality and is considered reliable. Source credibility also influences consumer's loyalty and tendency to repurchase (Gotlieb, Grewal & Brown, 1994).

Khan, Memon and Kumar (2019) summarize brand loyalty as long-term relationship and communication between a brand and a consumer when consumer's intention to (re)purchase is high and consideration of competitor brands is low. Authors also cover the argument that consumers develop a positive attitude towards a brand when the message carrier (source) is credible, which increases brand loyalty.

### *1.2.3.3 Sales, stock value, and purchase intent*

The economic or monetary value of celebrity endorsements is measured in terms of direct sales, stock value impact, and purchase intent. Understanding what tangible return this marketing tool has can help define further contracts, fees, and compensation schemes, evaluate whether the source and strategy should be continued, and to what extent it needs adjustments (Elberse & Verleun, 2012; Thompson, 2010).

Elberse and Verleun (2012) believe that celebrity endorsement effects of sales have not yet been given enough attention. Furthermore, Chung, Dardinger and Srinivasan (2013, p. 272) write about the general belief that celebrity endorsements contribute to exposure and recall, but not to sales. Nevertheless, they point out examples where a direct link between sales increase and celebrity endorsement is visible. Elberse and Verleun (2012) also conclude in their research that celebrity endorsement proves to be yielding returns in terms of sales and stock value. They recorded an average of 4% increase in sales and a 0.25% increase in stock returns. The factors that drove those numbers up the most are (athletes') performance, established brand equity, and reputation of the endorser. For the most part, big investments into celebrities are justified by stock prices rising when companies announce celebrity endorsement contracts and they fall in case of endorser's negative publicity (Shimp & Andrews, 2013).

Morinez (in Mirabi, Akbariyeh & Tahmasebifard, 2015, p. 268) defines purchase intention as a situation where consumer tends to buy a certain product in a certain condition. Intention to purchase has a relation to consumer's behavior, perceptions, and attitudes. It is influenced by internal or external motivational factors, like the price, perceived quality, and perceived value of the product or service. (Gogoi, 2013, p. 76).

If celebrity endorsement is one of those factors, the current literature is not entirely aligned. A significant amount of research work suggests that celebrities reinforce the intention to purchase (Khan, Memon & Kumar, 2019; Anwar & Jalees, 2017; Arai, Ko & Ross, 2014; Goldsmith, Lafferty & Newell, 2000). Yilmaz, Telci, Bodur and Iscioglu, (2011) concluded that endorsers who are credible and likable drive positive feelings and attention towards the advertised message which eventually leads to purchase. An advert featuring celebrities enjoys a higher recall rate amongst consumers due to their attractiveness, familiarity, and trustworthiness. Moreover, higher ad recall leads to higher purchase intent (Osei-Frimpong, Donkor & Owusu-Frimpong, 2019). According to Kelman's social influence theory, identification can be explained as one individual attempting to be like somebody else. Besides, in the case of celebrities influencing consumers, it can be explained as consumer thinking that buying a specific endorsed product, they will either look like or become like the celebrity (McCormick, 2016, p. 41).

Looking at the topic objectively, there has also been a fair amount of research work conducted that stands on the contrary side of the statement that celebrity endorsement reinforces purchase intention. Dugalić and Lazarević (2016) summarized that decisions to buy the product were not significantly influenced by celebrities.

Researching causality effects between celebrity endorsement and intentions to buy, Zahaf and Anderson (2008, p. 63) conclude that celebrity endorsement effect on buying likeability does not exist. They point out that credibility (of an ad and celebrity) increases the chances of purchasing. However, the element of celebrity factor in isolation will not. A bigger role in triggering purchase intentions lies in product quality than in endorsement factors despite finding that celebrity endorsed ads are better at persuading consumers to purchase in comparison to ads not endorsed by celebrities (Randhawa & Khan, 2014). Newton established interesting conditioning of a source's impact being connected to the risk that product purchase represents in 1967. He states that if consumers expect a high degree of functional risk, they will prefer technically competent sources and in the case of social risk, they look for the "approval" and reassurance from the source they accept (Newton in Gogoi, 2013).

#### 1.2.4 Impact types for an endorser

How does celebrity endorsement impact the celebrities, the endorsers? What is their motivation to endorse and collaborate with a certain brand or company? On one hand, it is

the monetary or materialistic gain and on the other, it is helping their own brand image and fame (Mukherjee, 2009, p. 27).

#### *1.2.4.1 Celebrity brand image and fame*

Celebrities can be classified as human brands. Their actions, beliefs, and values, no matter if they are private or profession related, create brand associations that then form their brand identity (Centeno & Wang, 2017). A human brand is any personality that is well known by the public and is resonated with the marketing industry (Thomson, 2006, p. 104). In the context of celebrity brands, certain people evolve into personas or identities which enjoy a reputation of high cultural importance in society. “The activating power of human brands that translates words and images into behaviors or at least behavioral intentions are deeply ingrained into the relational capacity of the celebrity.” (Centeno & Wang, 2017, p. 137).

Co-branding, some refer to it as the brand alliance, is a form of collaboration where brand associations from one brand transfer to the other presenting an association leveraging mechanism. Both parties of the co-branding partnership aim to position their brand image positively and enhance brand equity (Shimp & Andrews, 2013). Numerous researchers acknowledge that celebrity endorsement is an example of co-branding where celebrities are a co-branding party (Mukherjee, 2009). Co-branding partnership is effective if consumers see, similar to the match-up hypothesis, a fit between brand attribute associations of both brands (Ilicic & Webster, 2013).

Arsena, Silvera and Pandelaere (2014) researched the brand trait transference (BTT). This is a situation when perceived characteristics of a brand image reflect/carry/transfer to an endorser or individual associated with the brand. The BTT concept works oppositely than the meaning transfer model and states that endorser’s attributes are influenced by the product they endorse. The BTT does not happen when the endorser has extremely strong pre-existing traits that are conflicting with those of the endorsed product or brand.

Celebrities are building their image, perception, and brand equity by endorsing the products, brands, and companies they feel connected to. This enables the opportunity to keep and grow their fan base as well by showing them what causes they support, what they stand for, and what they believe in (Butler-Young, 2019; Mukherjee, 2009).

#### *1.2.4.2 Monetary and other wealth-related compensations*

Endorsers seek a fair and adequate compensation plan for their services. Different types of contracts and agreements have different kinds of reward/payment systems. It can be anything from payroll-based and one-offs to “payment by the result” approaches. Usually, long-term agreements are higher in payments (Pringle, 2004). Generally, companies pay enormous amounts to top celebrities for, hopefully, a favorable influence on consumers (Shimp &



Andrews, 2013). Celebrity endorsement tends to be very costly due to celebrity negotiation power (Yannopoulos, 2012). And the costs tend to rise with the level of the celebrity, especially in sports rankings (Elberse & Verleun, 2012).

Looking from the celebrity's point of view, endorsement contracts represent a major source of income. For some, this even means the most important source (Muda, Musa & Putit, 2012; Manta, 2013), especially in the field of athletes, where, reportedly, three highest-paid athletes earned seven times more from endorsements than from their salaries (Elberse & Verleun, 2012).

Non-monetary compensations are also common, especially in terms of the brand's product or merchandise (Pringle, 2004). In the case of athletes that is often sporting equipment or even health services and insurance (Parris, Troilo, Bouchet & Welty Peachey, 2014). For the most desirable celebrities, companies even offer stakes in equity or share of revenue (Futterman, 2008).

#### *1.2.4.3 Expansion beyond endorsement*

When we look at celebrities as human brands and when these celebrities endorse or promote a product or a brand, we can talk about brand co-creation. Co-creation is a set of activities where all stakeholders involved contribute to forming a business. As every stakeholder, celebrities also receive gains that are tangible (e.g. financial) and intangible (e.g. brand image) (Centeno & Wang, 2017).

And based on a good brand image of the celebrity, further benefits can be pursued. In collaboration with the endorsed brand, celebrity can further build his/her name by having a product line extension. Product line extension can be simple as licensing a name on a product or actual co-development of a product where celebrities can perform outside their initial core skill (Pringle, 2004). This helps celebrities have more control over their brand and strategically enhance it (Euromonitor International, 2014a). In situations when a new product is being launched, co-branding and brand co-creation can be seen as a form of brand extension (Besharat, 2010).

Another, more common, approach of celebrity brand extension is celebrities as product owners. Due to limitations of endorsements (overendorsement issue) and business opportunity, many celebrities take a route of starting a business and creating their own products. Many examples can be found from the fashion, beauty, sport, and electronics industries (Euromonitor International, 2014a). This is proven a very profitable move for celebrity entrepreneurs because they leverage their own brand with the already existent and dedicated fans (Muda, Musa, Mohamed & Borhan, 2014).

### **1.3 Risks and negative impacts of celebrity endorsement**

Despite plenty of benefits and positive impacts, celebrity endorsement does not come without the risk of negative impact. Companies who seek to endorse should be aware of them to make an informed decision and minimize the chance of lost resources (Pringle, 2012). Because of fear from losing credibility, some companies rather turn to feature “anti-heroes” in their campaigns who tend to be more realistic and honest (Jensen in Kahle & Riley, 2004).

#### **1.3.1 (Too) many endorsements, poor performance, and overshadow**

The situation of over-endorsement occurs when celebrities endorse too many diverse products or brands. Due to varying reasons (e.g. greed, lack of brand strategy, market pressure, etc.), some celebrities decide to endorse multiple brands, resulting in overexposure. Many researchers prove that this reduces the impact of endorsement effort as there is no distinct relation between celebrity and specific brand/product (Muda, Musa & Putit, 2012). Furthermore, it can also harm the celebrity brand image as they are perceived as less credible and less trustworthy (Shimp & Andrews, 2013, p. 295; Tripp, Jensen & Carlson, 1994). On the other hand, Um (2008) had contradicting results in his research concluding that celebrity endorsing multiple products had a positive response in attitude towards the ad and brand, as well as attitude towards the celebrity.

Another challenge for the companies lies in celebrity character. Some are hard to work with and can be arrogant, noncompliant, and temperamental personalities. Not following the rules and agreements can lead to legal issues that can harm both brands (Shimp & Andrews, 2013, p. 295). Especially in social media, celebrities can face the accusation of breaching advertising regulations (Euromonitor International, 2014a).

The reality is that celebrities, especially athletes, artists, and musicians, tend to have a curvy performance evaluation. They have ups and downs in their professional performances and the downs may have negative associations for the endorsed brand (Pringle, 2004, p. 154). Similarly, Barnett (no date) says that brand image will suffer if celebrities “slip down a league table, get injured, and are forced into early retirement”. Nevertheless, Upadhyay and Singh (2010) argue that poor (on-field) performance does not significantly impact the behavior of spectators and consumers. Similarly, a report from The Nielsen Company (2019a) states that strong athletic performance does not necessarily show a correlation with higher fan engagement.

Another risk in celebrity endorsement is overshadowing where consumers’ attention goes to the celebrity without noticing the endorsed brand and “celebrity steals the show” (Muda, Musa & Putit, 2012; Thompson, 2010).

### 1.3.2 Celebrity's bad publicity

Celebrities as individuals enjoy great publicity and barely anything they do is done in privacy. It has been argued that they are susceptible to harmful distractions and negative associations leave consumers confused (Munyoro & Nhevere, 2019, p. 182). Celebrities involved in controversies are less appealing (White, Goddard & Wilbur, 2009), do not help the endorsement relationship, and can harm the endorsed brand (Erdogan, 1999). Negative publicity and scandals can have an impact on various stakeholders in the endorsement relationship. Particularly amongst celebrity athletes, transgressions that are illegal or unethical actions can often reflect on sport's integrity and associated brands, resulting in contractual withdrawals (Kwak, Lee & Chan-Olmsted, 2018). On the contrary, Carrillat, O'Rourke and Plourde (2019) argue that if a celebrity's controversy is natural (their personality) vs. incidental and aligned with the company's strategy, it leads to positive brand attitudes.

### 1.3.3 High costs and negative ROI

As mentioned before, celebrity endorsements are heavy on the investment for the promoted companies. Costs alone should not drive the final decision regarding celebrity deployment but also the potential return they bring, especially in comparison to alternative promotion methods. Nonetheless, stakeholders expect a positive return on investment (Shimp & Andrews, 2013).

Some research supports the idea of paying big amounts for celebrity endorsements stating it is worth it, especially for high ranked and top positioned celebrities (Manta, 2013; Elberse & Verleun, 2012) while others defend the idea of investing less money can bring the same impact, especially in the time when influencer marketing is on the rise (Schouten, Janssen & Verspaget, 2020)

To properly measure the ROI, companies need to evaluate the entire scope of their investment when stepping into a relationship with the endorser. The majority of the investment represents the compensation model and there are numerous ways how to pay or reward the celebrity. Some payments are based on success and some can be fixed fees. In some cases, extra payments or bonuses are included in the contracts, as well as revenue and equity sharing deals (Elberse & Verleun, 2012).

The research on the economic value of celebrity endorsement suggests that long-term contracts should be reconsidered due to decreasing returns on sales during the duration of the contract. While stock returns remain constant after the initial spike of endorsement announcement (Elberse & Verleun, 2012). Similarly, Rojek (2001) advises against lifelong collaborations due to the changing nature of celebrities and fan preferences.

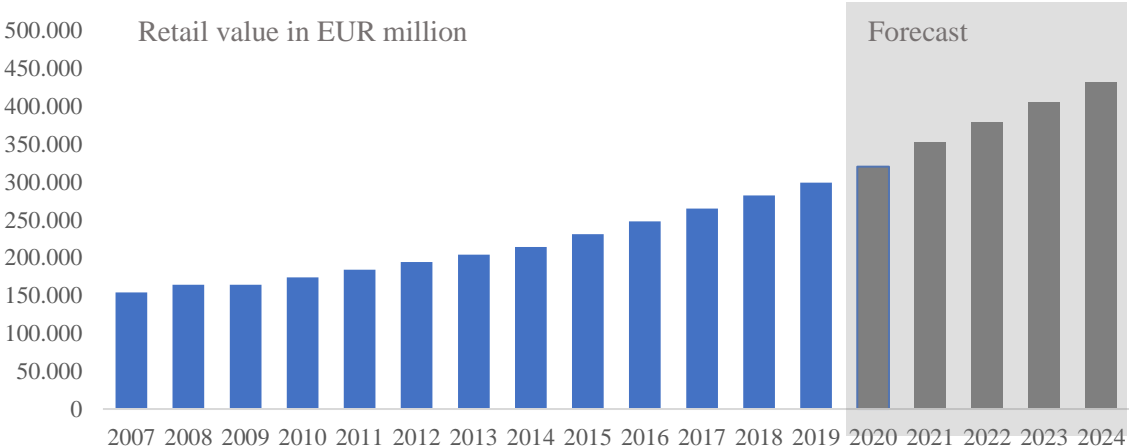
## 2 CONSUMER AND SPORTING GOODS

### 2.1 Sporting goods industry

Sporting goods, sportswear, sport-inspired, performance clothing, athleisure, activewear, athletic wear, performance-based casualwear, etc. With all these words, one can be easily overwhelmed by the scale of expressions used today to describe commodity products consumers can buy and use for sport or as a fashionable piece.

After initial research and working in the sporting goods industry myself, I can say that all the expressions are similar in meaning with 3 points necessary to address. Firstly, “sportswear” and “sporting goods” are synonyms and define the subject in its widest range, the difference being that term “sporting goods” normally refers to more commercial and trading aspects of the product. Secondly, “activewear” or “performance” wear stands for (mostly) apparel worn during physical activity (sport), which was designed to enhance athlete’s sporting performance (Das & Prasannan, 2018). And thirdly, the “athleisure” or “sport-inspired” clothing category stands for a more everyday type of products that can be worn for physical activity or in other more casual situations and for general use (Holmes, 2015).

Figure 3: Sales of Sportswear 2007-2024



Source: Euromonitor International (2020a).

According to Euromonitor International (2020a), sportswear’s market size sits at nearly 300 billion EUR and is facing a bright future with a forecasted compound annual growth rate of 7% across 2019-2024. This can be observed in Figure 3. The main contributors for market (industry) size growth are nicely summarized in the report that Euromonitor issued in 2018. It points out that the proportion of the population that aspires to live healthier is growing. Furthermore, the connection between physical activity, healthy lifestyle, and physical attractiveness is portrayed increasingly in the mass media. Hence the increase in sport

participation and people's fitness activities which call for purchasing sporting goods. Another market growth factor is the trend of sport and lifestyle/fashion worlds merging. Consumers desire to look good while covering a range of daily physical activities (like cycling to work). And brands are answering with wider product collections and availability resulting in the rapid growth of the "sport-inspired" category.

The main geographical region for sportswear is North America accounts for 38% of global sales. The USA is dominating the continent, with a 95% sales contribution. Right behind, China and India are on the list of markets with the largest growth opportunities. The fourth-largest contributor to absolute value growth until 2022 is forecasted to be UK (Euromonitor International, 2018).

The sportswear industry consolidated globally, the top five companies covered over 35% of global sales in 2017, five percentage points more than five years before (Euromonitor International, 2018). According to Euromonitor's report, these five are Nike inc., Adidas Group, VF Corp., Under Armour inc., and Puma.

## **2.2 Consumers of sporting goods**

Already in 2014, Euromonitor issued a report where it was concluded that an increased amount of people have issues with sedentarism and obesity. Hence, consumers of all ages devote more and more of their time and money to sport and exercise. Not only that. A part of the population aiming for a healthier lifestyle overall is growing fast.

The trends show that many 20-30 year-olds are delay having a family and devote more time to their hobbies, including sports. And with life expectancy getting longer, older generations are striving for an active retirement. Not only being healthy but also looking fit and young is a major reason for doing sports amongst middle-aged consumers. For some people, sport adds meaning to their lives, a way of differentiating themselves from others and feeling of being a part of the elite (Euromonitor International, 2014b).

Another driving source for sportswear consumers is social pressure. Especially for young adults, representing a big proportion of sporting good consumers. According to Euromonitor's report from 2014, mass media and cultural trends showcase that a healthy person looks fit, toned, young, and physically well-defined. And this look drives (or pressures) the average consumer to exercise and increase chances to feel and look the same. Establishing the athletic outfit as a mainstream look has been achieved by the popularity of the so-called "gym selfies" (Euromonitor International, 2014b).

The sporting goods consumer is highly likely going to be interested in extreme sports (e.g. climbing, mountain biking, paragliding, ski touring, etc.), adventure sports (e.g. triathlons, trail running, and obstacle running), cycling, running or going to the gym, as these sports are on the rise (Euromonitor International, 2014b).

According to the report mentioned above, many consumers participating in sports seek to maximize their performance. They are willing to spend money on products that help them achieve that. They expect equipment, footwear, and apparel to be working in their favor and they are cautious about the quality of food they consume. To maximize their energy levels, they are interested in energy drinks, protein supplements, and the so-called superfoods.

In 2018, there was another report issued by Euromonitor on the topic. It addresses that sportswear consumer trends are also interests in environmental and ethical topics. They want a digitalized and experiential shopping journey, regardless of its online or physical store. Especially millennials and Gen Z consumers seek to be different from others. Thus, the focus on hype in novelty is on the rise.

A word we cannot avoid when researching the sportswear consumer is a sneakerhead. As Powell (2017) describes it, a sneakerhead can be defined as an individual with a strong admiration for sneakers. Shoes that often have their design routes in sports, particularly basketball and skateboarding, but are not necessarily worn for these occasions. Typically, sneakerheads would collect and trade sneakers as a hobby. Some might even turn it into a professional career. The same author also mentions that the beginnings of the sneakerhead subculture are traced back to the 1970s in the United States where it was heavily influenced by the basketball and hip-hop music cultures.

As Wilson (2006) says, sneakerheads are aficionados of artistically enhanced footwear that thrive for unique and often expensive shoes. Sneakerheads have a strong influence on the sporting goods industry and companies (especially the top 5 players) often collaborate with artists, designers, and celebrities that enjoy a good reputation amongst the sneakerhead community.

But even though sneakerheads are a deeply committed community, creating a lot of buzz and hype, they have a relatively minor impact on sneaker sales. Therefore, it can be argued that they are good for brand equity with difficulties tracing that back to measured benefits for the companies (Powell, 2017).

### **2.3 Celebrity endorsement in the sporting goods industry**

“Celebrity power and its influence of global consumer behavior” is a report issued by Euromonitor in 2014 and it states that celebrities have a dramatic impact on one’s attention to personal looks and self-image. Some consumers tend to achieve the same looks as their idols with either product they consume and wear or even by changing their body shape (Euromonitor International, 2014a).

As I addressed in the chapter “athlete celebrities as endorsers” for the sporting goods industry, athletes have become the number one endorsers and important piece of marketing strategies for major companies investing highly in endorsement contracts (Euromonitor

International, 2014a, p. 24). However, the celebrity culture has contributed to appeal to (mostly) a younger demographic group (beyond-sports enthusiasts). We are witnessing a mixed portfolio of celebrities from the world of music, fashion, TV, gaming, etc. endorsing sportswear brands, e.g. Beyonce Knowles and Adidas, Zara Larsson and Nike, Rihanna and Puma, Victoria Beckham and Reebok, Gisele Bündchen and Under Armour (Barnett, no date). Duffy (2018) said, Adidas recently gained its popularity by bringing more sport-inspired products to the market and collaborating with non-athlete celebrities. Thus, it reacted to sporty casual style trends that are on the rise. While some brands utilize stars only for endorsing a product, others collaborate in creating unique, limited products that create hype and credibility, especially within the sneakerhead community (Powell, 2017).

When it comes to product design collaborations, sportswear brands fuel the hype and novelty that their consumer is after by collaborating also with famous designers. And for luxury fashion brands, this gets them bigger reach as they benefit from the sport-inspired fashion trends. It is also worth mentioning that with such strong social media presence as we are facing today, sport and lifestyle endorsement is influencing beyond sportswear brands. It extends to other categories, such as nutrition, coaching, cosmetics, etc. (Euromonitor International, 2018).

The popularity of sport, athletes, and sporting events is growing. Global sporting events are seen by more and more people as accessing media content is getting easier in the digitalization age. This provides the sporting goods industry with advertising opportunities and endorsement platform. Athletes also gain respect amongst the audience when they win events benefiting the brand they wear on the court and endorse off the court. According to Euromonitor International (2014a), however, brands may downsize endorsements, as the number of top-performing athletes is limited. Truly talented athletes continue to be expensive and sporting goods companies are more careful about how they spend their limited marketing budget. There is a prediction that they will rather divest and look into rising social media influencers who may have a closer connection with consumers (Euromonitor International, 2014a).

### **3 EMPIRICAL RESEARCH ON THE IMPACT OF CELEBRITY ENDORSEMENT ON CONSUMER BRAND QUALITY PERCEPTION OF SPORTING GOODS**

#### **3.1 Hypotheses and research questions**

The goal of this thesis is to test the below-listed research hypotheses using the quantitative research method of a questionnaire.

When an individual is intending to purchase a product (or service), he or she is considered a consumer. And it is known that numerous factors contribute to a consumer's decision to

purchase. There is extensive research that supports the statement that celebrity endorsement reinforces purchase intention (Osei-Frimpong, Donkor & Owusu-Frimpong, 2019). On the contrary, some researchers found that celebrity has no impact on purchase intent, especially where the willingness to purchase is not present from the beginning (Zahaf & Anderson, 2008). Therefore, we test the following hypothesis:

H1: Celebrity endorsement has a positive impact on consumer purchase intention of the endorsed sporting goods (and brand).

Besides the direct impact of celebrity endorsement on purchase intent that may have the most directly visible financial impacts for the company, this research also evaluates the impact of celebrity endorsement on consumer perception of brand quality and brand loyalty. Furthermore, it tries to find whether there is any correlation between perceived quality, brand loyalty, and purchase intent.

Choi and Rifon (2007) argue that celebrities significantly impact consumer's aspirations, evaluations, and behavior. Besides, the perception of quality is a subjective evaluation that is impacted by various factors of internal or external nature. Moreover, along these lines, it can be assumed that celebrities influence the perceived brand quality in the eyes of the consumer, especially in the case of a credible endorser (Wilson, Zeithaml, Bitner & Gremler, 2016). Therefore:

H2: Celebrity endorsement has a positive impact on consumer perception of the quality of the endorsed sporting goods brand.

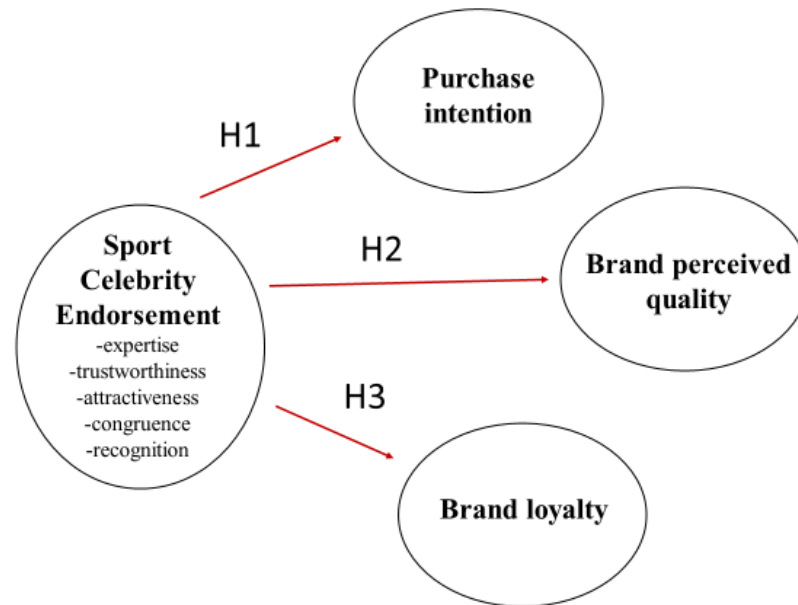
When a consumer prefers one brand to another or not even consider other brands when purchasing a product, this behavior is defined as brand loyalty. It often includes an emotional attachment to the brand and personal association with the brand and its values (Pappu, Quester & Cooksey, 2006). Brand loyalty is more related to perception than actual behavior and with celebrities possessing the power of attention-drawing and quick recall, it is likely they impact the consumers' loyalty to the brand (Osei-Frimpong, Donkor & Owusu-Frimpong, 2019). This brings us to the following hypothesis:

H3: Celebrity endorsement has a positive impact on consumer brand loyalty of the endorsed sporting goods brand.

The graphic below, Figure number 4, visualizes the interconnectivity of the construct elements and the tested hypotheses, represented with red arrows. Celebrity endorsement represents an independent variable. Determinants of this variable are expertise, trustworthiness, attractiveness, congruency, and recognition. The dependent variables are consumer purchase intent, brand quality perception, and brand loyalty.



Figure 4: Hypotheses constructs – a visual representation



Adapted from Osei-Frimpong, Donkor & Owusu-Frimpong (2019).

### 3.2 Methodology and sample description

Researching what impact celebrity endorsement has on purchase intent, brand quality perception, and brand loyalty is approached from two sides. Firstly, through a review of the literature and research that is available to date. And secondly, by conducting my empirical study in a form of a questionnaire.

The empirical part of this thesis is using the quantitative method of a structured questionnaire. Questions are predominantly closed-ended and set in a way to enable the results for three tested variables (purchase intent, brand perception, and brand loyalty) which are well-established in the existing literature and enable tangible exploration of celebrity endorsement (Behnoosh, 2018; Bruner, 2009, 2019). The impact of the celebrity endorsement phenomenon is therefore tested with the questionnaire, basing on established literature check and its best practice examples and is divided into 5 sections:

- General attitudes towards advertising and celebrities (Bruner, 2009, 2019)
- General consumer behavior concerning sportswear (Bruner, 2009; Debeljak & Mikulin, 2018)
- Recall of recent sportswear purchase (Osei-Frimpong, Donkor & Owusu-Frimpong, 2019)
- Celebrity specific questions based on 4 visual representations (4 female and 4 male celebrities) (Rameez ul Hassan & Jamil, 2014; Osei-Frimpong, Donkor & Owusu-Frimpong, 2019)

## – Demographics

A quantitative survey researching the impact of celebrity endorsement in the sporting goods industry was conducted via an online survey tool called Google Forms. The tool enabled an easy-to-share and offered access from different devices through the link. Therefore, distribution was done digitally across social platforms, such as LinkedIn, Facebook, and WhatsApp. I also reached some respondents through their email accounts. A few participants distributed the questionnaire amongst their networks as well. Therefore, it is fair to say there was some level of snowball sampling data collection present. The data was collected between May 20<sup>th</sup> and June 8<sup>th</sup>, 2020. The analysis was executed with the help of Google Forms, Microsoft Excel, and SPSS (Statistical Package for Social Sciences) software. Before the main questionnaire was distributed, the research instrument was tested with 14 respondents who provided constructive feedback which enabled further improvements for the final version.

For the celebrity specific questions, testing “fictional” behavior, I used well-recognized and established celebrities. On the visual, their faces were well visible, which enables higher recognition. Another criterion for celebrity selection was the environment and pose of the celebrity and the nature/environment of their position as well as the brand they endorse. These four groups of visuals were selected:

- Sports expert celebrity in action (Serena Williams and Roger Federer playing tennis)
- Sports expert celebrity not performing their core sports activity (Lindsey Vonn standing on a podium and Lionel Messi standing on a stadium holding football shoes in his hands)
- Non-sport-expert celebrity casual (a singer Beyoncé posing in front of the camera and a rapper Eminem pointing at sneakers that are in front of him)
- Non-sport-expert celebrity in action (Gisele Bündchen boxing in an athletic outfit and Dwayne Johnson posing in an athletic outfit in the gym looking like he has been working out)

Each respondent was served visuals based on the pre-conditioned question of “who you recently purchased sportswear for”. If the answer was “male”, the questionnaire displayed 4 visuals of male celebrities in each of the above-described situations. The same logic applied to females. In the case of answers “both” and “I prefer not to say”, mixed visuals of both genders appeared. Visuals were sourced from the Google search engine and used only for this research without claiming any usage rights or further useful purpose.

To measure the scale items, I used the 5-point Likert scale ranging from disagree (1) to agree (5) and the number of items for each of the elements in the construct. Celebrity expertise had 2 items. Trustworthiness had 2 items. Attractiveness had 2 items. Recognition had 2 items and congruency had 2 items. On the side of dependent variables, the purchase intent had 2 items, the brand quality perception had 7 items and the brand loyalty had 7 items. As

mentioned above, items were sourced from the existing literature, e.g. marketing scales handbook written by Bruner (2019).

### **3.3 Results and the main findings**

With the help of Microsoft Excel and SPSS software, I tested the main 3 hypotheses using statistical tests described in each section below. Beyond each hypothesis, the section at the end addresses additional findings that occurred.

To set the celebrity endorsement element (variable) which is constant across all hypotheses, three key theoretical establishments were used and tested in the questionnaire. Source credibility (expertise, trustworthiness, and attractiveness), recognition, including attention-grabbing and brand congruency which are all known for creating a strong brand image and brand value, ultimately impacting intention to buy (Rameez ul Hassan & Jamil, 2014). Furthermore, Osei-Frimpong, Donkor and Owusu-Frimpong (2019) argue that celebrity endorsement positively influences brand loyalty because of the positive emotional linkage to the brand which occurs because of the endorsers and brand attributes. Not only that they also state that with increased brand loyalty but purchase intent is also increased.

#### **3.3.1 Descriptive statistics and sample demographic overview**

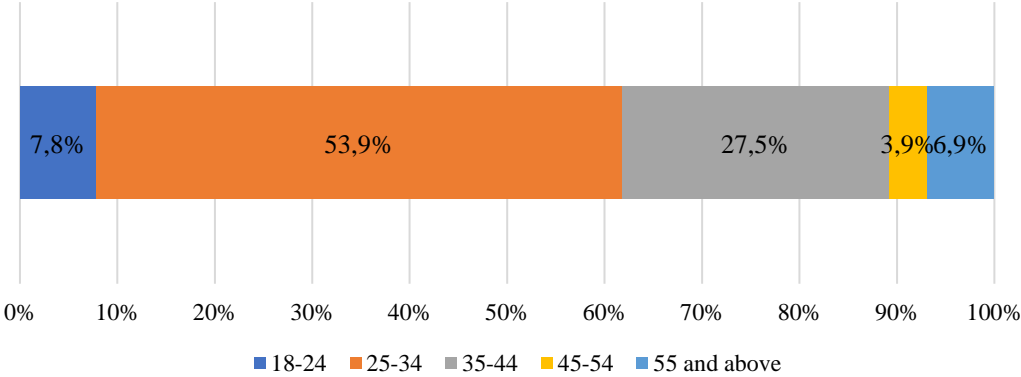
There were 102 (N=102) individuals that filled out the questionnaire and all 102 provided answers to all questions that were displayed to their case. This was assured with the “required answer” functionality of the Google Forms tool. As mentioned above, the questionnaire had a general question related to celebrity endorsement and the section with questions based on 4 images of celebrities. Within the celebrity section, hypotheses testing questions were included. This way I effectively asked each participant four times the same questions relating to different celebrity types. This set-up provided the opportunity to extend the number of my observations beyond 102 since each row in my database is a unique combination of respondent’s ID and celebrity type. This resulted in having 372 observations in total since the combination of celebrity images showcased was based on the gender they recently purchased sportswear for. If a respondent recently purchased female sportswear, he/she was presented with 4 female celebrity pictures. The same is true for male sportswear and 4 male celebrity pictures. In the case of purchasing unisex or items for both genders, a combination of 2 female and 2 male pictures appeared.

The gender split of respondents goes in favor of women with 64 individuals identifying themselves as women, which accounts for 62.7%, and 38 respondents were men, accounting for 37.3%.

The majority of respondents, in fact, 55 (54%) of them, fell into the age group of 25–34 years. The second most represented age group was 35-44 with 28 respondents, accounting

for 27.5%, followed by 18-24 years with 8 (7.8%) and 55 and above years of age with 7 (6.8%) answers. The least represented age group was 45-54 years with only 4 individuals representing 3.9%. Age group distribution can be observed in Figure 5 below.

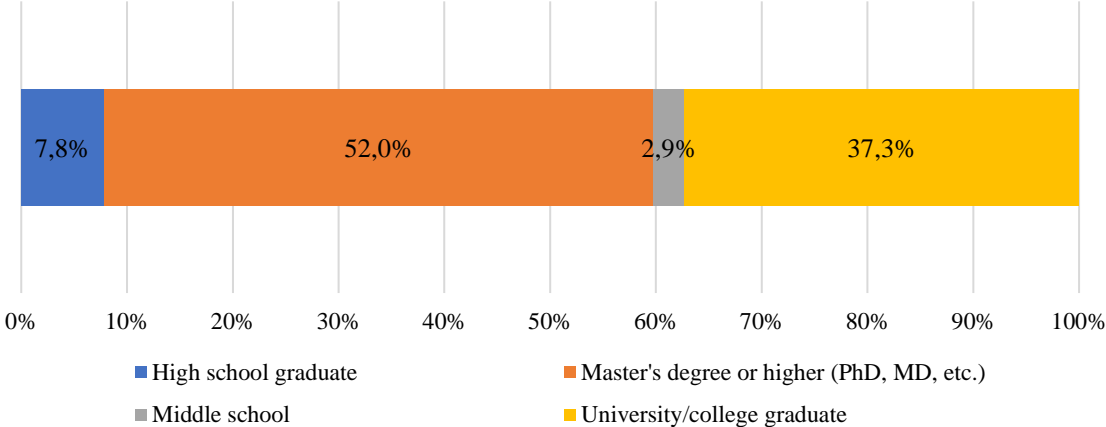
Figure 5: Age groups (n = 102)



Source: own work.

When it comes to the education level, Figure number 6 shows that 53 (52%) respondents belonged to the “Master’s degree or higher” classification. 38 (37.3%) were university/college graduates. 8 (7.8%) respondents were high school graduates and 3 (2.9%) had a middle school education.

Figure 6: Education level (n = 102)

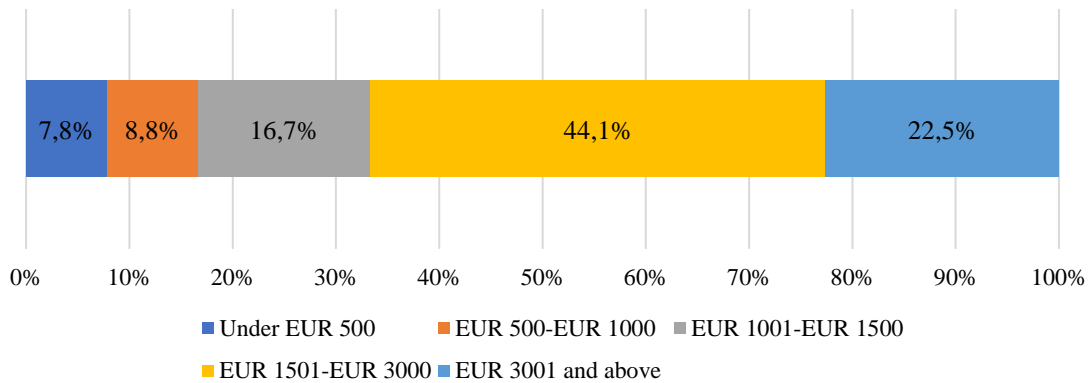


Source: own work.

Looking at income levels, the respondents split was the following: Most of the people, 45 (44.1%), earn between 1500 and 3000 € followed by those that earn more than 3000 € with 23 respondents (22.5%). 17 individuals answered their monthly net income is between 1001-1500 € (accounting for 16.7%) followed by a group with 500-1000 net monthly income

which had 9 representatives (8.8%) and a group with under 500 € with 8 (7.8%) individual answers. Figure number 7 shows these results in a chart.

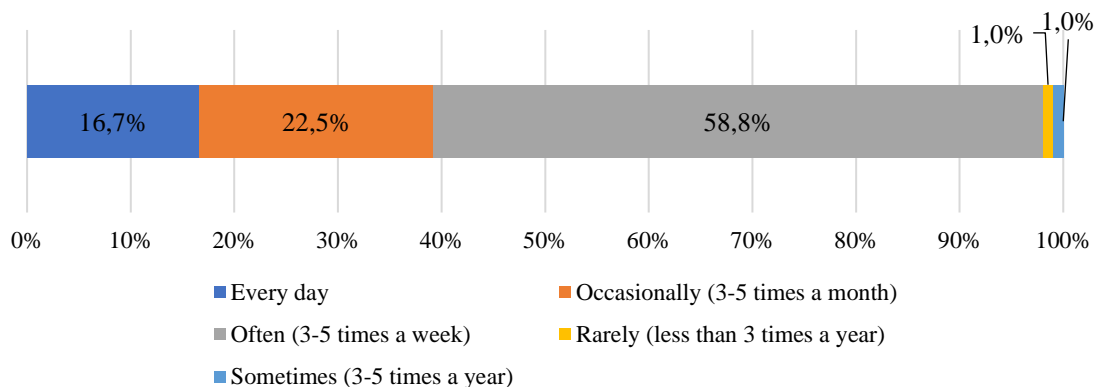
Figure 7: Net monthly income (n = 102)



Source: own work.

It can be observed in the Figure number 8 that majority of the respondents which is 60 (58.8%) said they practice sport 3-5 times a week. 23 people answered they are physically active 3-5 times a month, which stands for 22.5%. Being active every day is a practice for 17 (16.7%) respondents. Rarely (3 times a year) and sometimes (3-5 times a year) was answered by one individual, each representing 1% of the sample.

Figure 8: Physical activity (n = 102)

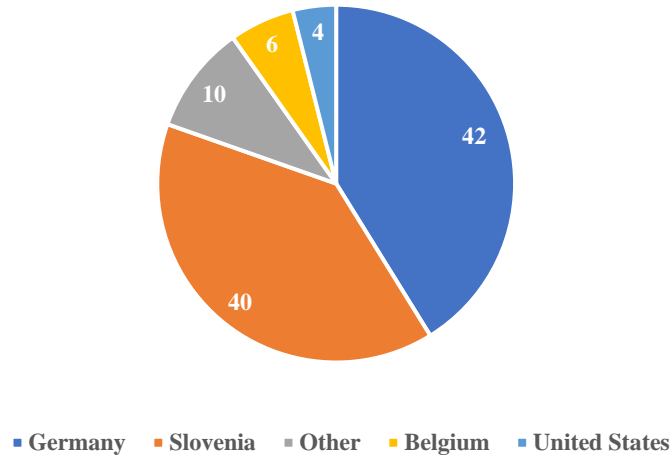


Source: own work.

As mentioned, the questionnaire was distributed online hence the chance for an international audience was higher. The below chart (Figure 9) shows that the majority of respondents currently live in Germany (42=41%), followed by Slovenia (40=39%), Belgium with 6 (5.9%) respondents and the USA had 4, standing for 3.9%. The following countries I grouped under other and are the following: Netherlands had 3, the United Kingdom 2,

Austria, Croatia, France, Ireland and Poland had all one answer, standing for 2.9%, 2% and 0.9% respectively.

Figure 9: Country of residence (n = 102)



Source: own work.

To check the internal consistency of the research construct, the initial scale reliability was calculated. The most common measure of scale reliability is Cronbach's alpha (Field, 2018). Table 1 below shows the values for Cronbach's alpha for each element in the researched construct. Besides, the table also shows the mean values, standard deviation values, and tested normality with the help of skewness and kurtosis analysis.

Table 1: Descriptive statistics

Construct element (items)	Mean	Std. Deviation	Skewness	Kurtosis	Cronbach's Alpha
Brand loyalty (7)	3.31	0.58	-0.12	0.25	0.65
Purchase intention (3)	3.26	1.15	-0.37	-0.85	0.67
Brand quality (7)	4.09	0.56	-1.17	3.25	0.69
Attractiveness (2)	3.77	0.88	-0.51	0.19	0.77
Congruency (2)	3.40	0.97	-0.45	-0.18	0.51
Expertise (2)	3.87	0.98	-0.51	-0.60	0.83
Recognition (2)	3.66	1.33	-0.75	-0.75	0.66
Trustworthiness (2)	3.63	0.88	-0.31	0.36	0.85
Celebrity endorsement combined (13)	3.51	0.65	-0.47	0.20	0.83

Source: own work.

Table 1 shows that distribution in all constructs is negatively skewed (skewed to the left) with all negative values. Brand quality perception has the highest skewness (-1.17) and brand loyalty the lowest (-0.12). Except for the recognition (-0.75) and brand quality, all other variables are fairly symmetrical with values between -0.5 and 0.5. When it comes to scoring

clusters at the tails, kurtosis values range from -0.85 for purchase intent and 3.25 for brand quality perception.

As presented in Table 1, Cronbach's alpha values are between 0.51 (congruency) and 0.85 (trustworthiness). Most of the literature suggests that acceptable alpha values are between 0.7 and 0.8 and values that are lower indicate scale unreliability. However, in some cases, less conservative values are acceptable as well, with values as low as 0.5 (Field, 2018, p. 1046). I decided to keep all elements of the construct, including "congruency" with the lowest alpha value. The reason for that is that the alpha value for the overall celebrity endorsement variable is high enough and the fact that congruency items proved beneficial in further analysis for hypotheses testing. It is important to mention at this point that 2 items had to be reversed in values due to the nature of the original question in the survey and that from the pool of questions, only those items that contributed to the higher alpha were used for the further analysis.

### 3.3.2 Celebrity endorsement impact on consumer purchase intention

In this section, the survey analysis findings are described in the context of answering the question of whether celebrity endorsement has a positive impact on consumer purchase intention or not. There's extensive research proving the power of celebrity endorsement, among others, impacting consumer's purchase intention (Spry, Pappu & Cornwell, 2011). The purchase intention is an indicated plan to acquire something with the extensive cognitive process happening in parallel, impacting this plan (Rameez ul Hassan & Jamil, 2014, p. 8).

Firstly, with the correlation analysis, I tested to what extent each celebrity endorsement variable is related to consumer purchase intention. Table 2 below summarizes the correlation values measured at the significance level of 0.01. As seen by positive correlation values, there is a relationship between celebrity endorsement variables and consumer purchase intention. All correlations, except expertise, are significant. The strongest correlation with value  $R= 0.269$  can be observed when all celebrity endorsement determinants are combined and weakest with congruency where  $R=0.169$ . With all the values being lower than 0.3, the correlation is not considered as strong. Nevertheless, it is positive and (mostly) significant. Another interesting observation can be seen in Table 2. A fairly strong correlation exists between all determinants of celebrity endorsement combined and trustworthiness. The same stands for all determinants of celebrity endorsement combined and expertise. This can be interpreted as trustworthiness and expertise have the biggest weight and playing the strongest role (compared to other determinants) in how the entire celebrity endorsement variable is correlated with purchase intention.

Table 2: Correlation – purchase intention

	1	2	3	4	5	6	7
Purchase intention	1						
Attractiveness	.171**	1					
Congruency	.169**	.426**	1				
Expertise	0.0759	.513**	.558**	1			
Recognition	.177**	.221**	.263**	.306**	1		
Trustworthiness	.199**	.560**	.581**	.617**	.279**	1	
Celebrity endorsement combined	.269**	.686**	.734**	.756**	.629**	.784**	1

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

Source: own work.

Secondly, I used multiple regression to measure if there are any significant effects of the interaction between the independent variable (celebrity endorsement with its determinants) and the dependent variable, in this case, purchase intention. The regression results can be observed in Table 3. In columns (1) to (4), I was increasingly adding new variables to the initial model of celebrity endorsement determinants to test further variables. Conveniently, the SPSS tool can allocate and use the combination of variables that yield the highest coefficient values. In SPSS, this is known as the “stepwise regression” function. The left side of the table represents the variable names used to explain the impact level on purchase intention which are represented by the values in the table (beta coefficients) for each of the variables. The asterisk (\*) symbol indicates the statistical significance level and the figures underneath each beta coefficient value stand for standard error. Regression models were checked for multicollinearity and VIF (variance inflation factor) numbers were slightly greater than 1 which indicates some correlation but not enough to raise any concerns. The last five variables (truth in advertising, enjoys doing sports, advertising keeps them up-to-date, enjoys watching sports, average purchase value) is the so-called control variables. These variables are not of the primary interest as they have no direct hypotheses relation but can still further explain the construct and should not be ignored.

Beta values are displayed only for variables with a significant contribution. Except for expertise, beta values are positive but small. All are below 0.5. This was expected as we are working with a 5-item scale. The strongest coefficient is seen for trustworthiness (0.343) and the weakest for average purchase value (0.001). Interestingly, variable expertise has a negative coefficient level when used in a model with trustworthiness and recognition. This means that if expertise is evaluated higher for one grade, purchase intention goes down for 0.15 grade. We can interpret this as expertise having a negative impact on purchase intent when combined with trustworthiness and recognition factors. Expertise on its own does not have a significant effect.

Adjusted  $R^2$  was used measuring the proportion of total variability in the dependent variable (purchase intent) that is explained by independent variables. With its lowest value of 0.096 (the case of trustworthiness only), nearly 10% of purchase intention can be explained by



celebrity trustworthiness. When measuring the strength of the model only with trustworthiness, recognition, and expertise, adjusted  $R^2$  is 0.135. The highest  $R^2$  adjusted can be observed when the celebrity is trustworthy and an expert, when consumers enjoy watching and participating in the sport when they have a positive attitude towards advertising, and when their average purchase value of sportswear is higher.  $R^2$  adjusted in this case is 0.425 and we can conclude that 43% of purchase intention is influenced by these factors. The average purchase value was classified into 6 ranges indicating the euros spent on the most recent purchase of sportswear.

*Table 3: Multiple regression – purchase intention – stepwise*

	(1)	(2)	(3)	(4)
Trustworthiness	0.343*** (0.05)	0.288*** (0.06)	0.385*** (0.07)	0.259*** (0.06)
Recognition		0.129*** (0.04)	0.146*** (0.04)	
Expertise			-0.151** (0.06)	-0.137*** (0.05)
Truth in advertising				0.182*** (0.05)
Enjoys doing sports				0.266*** (0.05)
Advertising keeps them up-to-date				0.185*** (0.04)
Enjoys watching sports				0.127*** (0.04)
Average purchase value				0.001*** (0)

\*, \*\* and \*\*\* represent the statistical significance at the 10%, 5% and 1%, respectively.

*Source: own work.*

Lastly, to test the hypothesis number 1, I also used the SPSS command called “enter” which is a default setting in SPSS and it automatically includes all the variables inserted regardless of their coefficient values and significance, as opposed to the “stepwise” method used above. Beta values for this method are relatively low (below 0.5) and some even negative (attractiveness, and expertise). Because we are interested only in the significant results, it can be concluded that celebrity’s trustworthiness (0.234) and expertise (-0.179) have the strongest impact on consumer’s purchase intent while attractiveness and congruency do not yield significant results. This goes hand-in-hand with Ohanian’s findings (Ohanian, 1990). According to that research, a celebrity’s attractiveness has no significant impact on consumer’s purchase intent. The results and detailed explanation of findings from my research can be observed in Appendix 2.

Based on the significant results from correlation and regression analysis, hypothesis 1 can be confirmed. It can be concluded that celebrity endorsement has a positive impact on consumer purchase intention.

### 3.3.3 Celebrity endorsement impact on brand quality perception

The survey was set in a way to measure only perceived brand quality out of 4 dimensions of brand equity as defined by Aaker (1996). Erdogan, Baker and Tagg (2001) argue that through endorser’s credibility attributes, consumer’s perception of that persona is formed. The same is true for the brand evaluation suggesting that consumer’s perceived quality of the brand is influenced by the endorser.

Calculating correlation coefficients, the relationship between celebrity endorsement and brand quality perception was observed. As can be seen in Table 4, all values are positive, significant, and have bigger values as compared to previous Table 2 representing a stronger relationship amongst observed variables. Same as purchase intention, the brand quality perception has the strongest correlation with all determinants combined (R=0.626) and the weakest with expertise with R=0.389.

*Table 4: Correlation – brand quality perception*

	1	2	3	4	5	6	7
Brand quality	1						
Attractiveness	.411**	1					
Congruency	.506**	.426**	1				
Expertise	.389**	.513**	.558**	1			
Recognition	.391**	.221**	.263**	.306**	1		
Trustworthiness	.488**	.560**	.581**	.617**	.279**	1	
Celebrity endorsement combined	.626**	.686**	.734**	.756**	.629**	.784**	1

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

*Source: own work.*

As in the previous chapter, the hypothesis number 2 was also tested with multiple regression analysis. The aim was to measure whether there are any significant effects of the interaction between the independent variable (celebrity endorsement with its determinants) and the dependent variable, in this case, brand quality perception. The regression results can be observed in Table 5. In columns (1) to (5), I was increasingly adding new variables to the initial model of celebrity endorsement determinants to test further variables. Regression models were checked for multicollinearity and VIF (variance inflation factor) numbers were slightly greater than 1, which indicates some correlation but not enough to raise any concerns. The last two variables (enjoys doing sports and advertising keeps them up-to-date) are the so-called control variables. These variables are not of the primary interest as they have no direct connection to hypotheses testing. However, they can help with further explaining the construct and should not be ignored.

Beta values are displayed only for variables with a significant contribution. All are positive and relatively small with less than 0.3. The highest value is seen at congruency (0.295) and

the lowest for the advertising variable. If the score of “advertising keeps me up-to-date with social trends” increasing by 1 point, the brand quality perception will go up by 0.059 points.

Adjusted R<sup>2</sup> was used, measuring the proportion of total variability in the dependent variable (brand quality perception) that is explained by independent variables. When looking at all 5 models (sets of variables) number 5 has the highest R<sup>2</sup> number, explaining 44.4% of what impacts the brand quality perception among given variables. This model shows that brand quality perception is mostly impacted by celebrity’s congruency with the brand, recognition, trustworthiness, and attractiveness and is higher for consumers who enjoy doing sports and believe that advertising keeps them up-to-date with social trends. The original model of celebrity endorsement determinants has R<sup>2</sup> =0.373 but the expertise is not yielding significant results. Hence, it is excluded from the construct. Congruency alone explains 25.4% of the factors that impact brand quality perception. Together with recognition, they explain 32.4% of it.

*Table 5: Multiple regression – brand quality perception – stepwise*

	(1)	(2)	(3)	(4)	(5)
Congruency	0.295*** (0.03)	0.252*** (0.03)	0.174*** (0.03)	0.162*** (0.03)	0.155*** (0.03)
Recognition		0.118*** (0.02)	0.103*** (0.02)	0.1*** (0.02)	0.081*** (0.02)
Trustworthiness			0.159*** (0.03)	0.118*** (0.04)	0.135*** (0.03)
Attractiveness				0.088*** (0.03)	
Enjoys doing sports					0.176*** (0.03)
Advertising keeps them up-to-date					0.059*** (0.02)

\*, \*\* and \*\*\* represent the statistical significance at the 10%, 5% and 1%, respectively.

*Source: own work.*

To further test the hypothesis number 2, I also used the SPSS command called “enter” which is a default setting in SPSS and it includes all the variables inserted automatically, regardless of their coefficient values as opposed to the “stepwise” method. Beta values are relatively low (below 0.5), some even negative (celebrity’s expertise, consumer’s monthly income above 2000 EUR net, gender, belief that advertising is truthful and enjoying watching sports) and some variables do not yield significant results, attractiveness, and expertise in particular. This is supported by findings from Gupta, Kishore and Verma, (2015) as well.

Based on the results from correlation and regression analysis, hypothesis 2 can be confirmed. It can be concluded that celebrity endorsement has a positive impact on consumer perception of the quality of the endorsed brand.

### 3.3.4 Celebrity endorsement impact on brand loyalty

It is believed that consumer's loyalty to a certain brand has to do with emotional attachment. It is known as one brand preference over competing brands. Self-association with the brand can develop loyalty and celebrities tend to create positive feelings towards brands. This suggests that the use of celebrities in advertisements positively influences brand loyalty among consumers (Osei-Frimpong, Donkor & Owusu-Frimpong, 2019, p. 114).

For the third hypothesis testing, correlation analysis was conducted as well. Table 6 below displays the correlation coefficient values which all appear to be significant and positive. When observing which celebrity endorsement determinant has the strongest correlation with brand loyalty, it can be concluded that all determinants combined do ( $R=0.495$ ). And which one has the weakest correlation? The answer is expertise ( $R=0.183$ ). The same as in hypothesis 1 and 2 testings, a strong correlation can be seen between all determinants of celebrity endorsement combined and trustworthiness. The same stands for all determinants of celebrity endorsement combined and expertise.

*Table 6: Correlation – brand loyalty*

	1	2	3	4	5	6	7
Brand loyalty	1						
Attractiveness	.316**	1					
Congruency	.318**	.426**	1				
Expertise	.183**	.513**	.558**	1			
Recognition	.318**	.221**	.263**	.306**	1		
Trustworthiness	.414**	.560**	.581**	.617**	.279**	1	
Celebrity endorsement combined	.495**	.686**	.734**	.756**	.629**	.784**	1

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

*Source: own work.*

Hypothesis number 3 was further tested with the multiple regression analysis, testing if there are any significant effects of the interaction between the independent variable (celebrity endorsement with its determinants) and the dependent variable, in this case, brand loyalty. The regression results can be observed in Table 7. In columns (1) to (6), I was increasingly adding new variables to the initial model of celebrity endorsement determinants to test further variables. In the column (7), I tested whether there is a connection between brand quality perception and brand loyalty, as indicated by some existing research concerning this matter (Khan, Memon & Kumar, 2019, p. 105). Regression models were checked for multicollinearity and VIF (variance inflation factor) numbers were slightly greater than 1, which indicates some correlation but not enough to raise any concerns. The last five variables (truth in advertising, positive attitude towards advertising, average purchase value, advertising keeps them up-to-date, and brand quality) are the so-called control variables. These variables are not of the primary interest as they have no direct connection to

hypotheses testing. However, they can help with further explaining the construct. Hence, they should not be ignored.

Beta values are displayed only for variables with a significant contribution. As in hypothesis 1, expertise has a negative coefficient value when combined with trustworthiness and recognition. All values are smaller than 0.3 with the highest value (0.298) belonging to trustworthiness when also recognition and expertise are considered in the model.

To measure the proportion of total variability in the dependent variable (brand loyalty) that is explained by independent variables, adjusted R<sup>2</sup> was used. Looking at the models below, number 6 has the highest R<sup>2</sup> number, explaining 35.5% of what drives the brand loyalty with the strongest contributor being celebrity's trustworthiness (among 9 variables). Celebrity endorsement with its 5 determinants explains 24.9% of brand loyalty drivers. If we take out congruency, adjusted R<sup>2</sup>=0.24 and if we even further reduce the variable attractiveness, we get adjusted R<sup>2</sup>=0.227. Trustworthiness alone accounts for 16.9% of factors influencing brand loyalty.

*Table 7: Multiple regression – brand loyalty – stepwise*

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Trustworthiness	0.274***	0.233***	0.298***	0.259***	0.228***	0.206***	
	(0.03)	(0.03)	(0.04)	(0.04)	(0.04)	(0.04)	
Recognition		0.096***	0.107***	0.104***	0.101***	0.089***	
		(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	
Expertise			-	-	-0.148***	-0.13***	
			0.101***	0.125***	(0.04)	(0.03)	
Attractiveness				0.1***	0.094**		
				(0.04)	(0.04)		
Congruency					0.081**	0.07**	
					(0.04)	(0.03)	
Truth in advertising						0.052*	
						(0.03)	
Positive attitude towards the advertising						0.111***	
						(0.03)	
Average purchase value						0***	
						(0)	
Advertising keeps them up-to-date						0.067***	
						(0.03)	
Brand quality							0.606***
							(0.04)

\*, \*\* and \*\*\* represent the statistical significance at the 10%, 5% and 1%, respectively.

*Source: own work.*

Literature suggests there is a connection between brand quality perception and brand loyalty (Osei-Frimpong, Donkor & Owusu-Frimpong, 2019). It is believed that brand quality

perception encourages consumers to trust a brand, purchase it repeatedly, and not switch to a competitor brand, which represents brand loyalty (Khan, Memon & Kumar, 2019, p. 105). I can support this with data collected in this research. Brand quality has a beta coefficient value of 0.606 and adjusted  $R^2 = 0.347$ .

Lastly, to test hypothesis number 3, I also used the SPSS command called “enter” which is a default setting in SPSS and it automatically includes all the variables inserted, regardless of their coefficient values, as opposed to the “stepwise” method. The results can be observed in Appendix 4. Beta values are relatively low (below 0.5), some even negative (celebrity’s expertise, gender, and enjoying watching sports), and some variables do not yield significant results – attractiveness and congruency in particular. This can partially be explained by the previous findings from Ohanian (1990) and the fact that congruency impacts brand quality perception significantly. Knowing that brand quality perception has a strong impact on brand loyalty (Osei-Frimpong, Donkor & Owusu-Frimpong, 2019), one can conclude that indirectly, congruency has an impact on brand loyalty also in this regression model.

Based on the results from correlation and regression analysis, hypothesis 3 can be confirmed. It can be concluded that celebrity endorsement has a positive impact on consumer brand loyalty.

### 3.3.5 Additional findings

To make additional use of the data collected and find out whether there are any differences in celebrity endorsement related answers between the groups of respondents, an independent t-test was conducted. When comparing the mean values of two groups and determining whether there is any significant difference between them, independent t-test accounts for a suitable statistic (Field, 2018).

At first, I was interested to find out whether there were any differences between how men and women answered questions on celebrity endorsement impacting purchase intent, brand perception, and brand preference. Table 8 shows, that only in the case of celebrity’s brand quality perception and recognition, answers were significantly different. This goes hand in hand with the existing literature. While there is some research supporting the differences in how marketing communications impact men and women (Klaus & Bailey, 2008, p. 59), the Harvard Medical School pushed these findings even further. The authors have proved that men and women have different abilities to recognize famous people and they call out the “own gender bias” where people tend to recognize celebrities that are of the same gender better than those of the opposite gender to them (Pesheva, 2019). This can potentially be the case in this research as well, with 63% of respondents being female, resulting in higher recognition values than with male respondents.

Table 8: Independent T-test for gender

	Mean		SD		Sig.	Significantly different
	Male	Female	Male	Female		
Brand loyalty	3.32	3.31	0.63	0.55	0.19	No
Purchase intention	3.28	3.24	1.15	1.15	0.29	No
Brand quality	4.03	4.13	0.70	0.46	0.00	Yes
Attractiveness	3.59	3.87	0.97	0.81	0.09	No
Congruency	3.30	3.46	1.02	0.93	0.33	No
Expertise	3.85	3.87	1.02	0.96	0.67	No
Recognition	4.03	3.44	1.11	1.41	0.00	Yes
Trustworthiness	3.68	3.60	0.95	0.83	0.08	No
Celebrity endorsement combined	3.55	3.49	0.72	0.60	0.06	No

Source: own work.

With the following t-test, I wanted to test if the 4 different classifications of celebrities used in the questionnaire had an impact on respondents' answers. Each participant in the survey was presented with an image of a sports celebrity expert and an image of a celebrity who is not an expert in the field of sport. The next two images included activity subclassification, celebrity performing the sporting activity on the picture, and a picture where they are not in action. The set of 4 pictures was different for people who shop for male and female products featuring only male and only female celebrities. For people who shop for both genders, a mix of images with both genders was presented. For the pictures that featured a sports expert, answers for variables expertise and recognition are higher. This was expected and confirms the theory that athlete celebrities are considered experts in their field of sport (Sassenberg, Verreyne & Johnson Morgan, 2012). Figures are summarized in Table 9 below.

Table 9: Independent T-test for sports expert celebrity

	Mean		SD		Sig.	Significantly different
	Celebrity is an Expert	Celebrity is not an Expert	Celebrity is an Expert	Celebrity is not an Expert		
Brand loyalty	3.30	3.33	0.58	0.58	0.63	No
Purchase intention	3.26	3.26	1.16	1.15	0.85	No
Brand quality	4.15	4.03	0.58	0.54	0.95	No
Attractiveness	3.82	3.71	0.88	0.88	0.77	No
Congruency	3.69	3.10	0.86	0.99	0.12	No
Expertise	4.31	3.39	0.78	0.95	0.02	Yes
Recognition	3.91	3.40	1.12	1.49	0.00	Yes
Trustworthiness	3.80	3.45	0.90	0.81	0.45	No
Celebrity endorsement combined	3.70	3.31	0.61	0.63	0.45	No

Source: own work.

## 4 DISCUSSION

### 4.1 Summary of the main findings and implications

This study is looking into the impacts of celebrity endorsement on consumer's buying behavior, brand quality perception, and brand loyalty, for the case of the sportswear industry and its brands. Within the empirical part of the research, evidence supporting this impact is provided. It reveals that consumer's purchase intent of sportswear is driven to some extent by celebrities endorsing that product or brand. This supports the previous findings of researching the topic, e.g. Osei-Frimpong, Donkor and Owusu-Frimpong (2019), Rameez ul Hassan and Jamil (2014), Anwar and Jalees (2017), and others. Similarly, this research proves that celebrity endorsing a product or a brand results in higher brand quality perception and brand loyalty. As Khan, Memon and Kumar (2019) concluded, this thesis to some extent found that brand quality perception is positively changed when a celebrity endorses it. Along the same lines, brand loyalty is also impacted, as celebrities tend not only to impact quality perception but also brand awareness which is linked to brand loyalty (Osei-Frimpong, Donkor & Owusu-Frimpong, 2019). The following paragraphs go deeper into explaining each of the hypotheses and addressing the managerial implications of the findings.

With the hypothesis number one, I wanted to see whether there are any benefits of selecting celebrity endorsement as a marketing tool connected to (positively) changed purchase behavior or intention to buy amongst consumers. The results of the correlation and multiple regression models show that there is sufficient evidence supporting the statement that celebrities endorsing a brand or a product have an impact on how consumers' purchasing behavior is shaped. Similarly as Khan, Memon and Kumar (2019) found out, the strongest celebrity characteristics driving the consumers' decisions are trustworthiness and attractiveness while congruency or product match-up still contributes but with lesser strength. When it comes to celebrity's expertise, it proved to be insignificant or even negatively impacting the purchase intent. Looking at consumer trends and relationships towards famous individuals being able to relate to and identify oneself with the celebrity is important (McCracken, 1989). And if a celebrity, in our case athlete, is too professional and too far to be perceived as reachable, this might negatively impact the behavior. Celebrity's availability is one of the key factors of celebrity endorsement having an impact on brands (Mukherjee, 2009).

Hypothesis number two was set to test the potential benefits of celebrities promoting a sportswear product or a brand related to brand perception. In other words, it was set to find if celebrities speaking for a brand help shape the brand quality perception.

The results of the correlation technique indicate a relatively weak but positive correlation, hence confirming the hypothesis. There is a significant association between each celebrity endorsement determinant and brand quality perception. Empirical research findings,



therefore, confirm previously stated findings (Khan, Memon & Kumar, 2019). Results from the multiple regression model also support the hypothesis with the strongest coefficients observed when all determinants (characteristics) are combined. Looking at determinants individually, brand-celebrity congruency and recognition are the most important drivers. This goes hand in hand with findings from Rameez ul Hassan and Jamil (2014). They conclude that the match of the celebrity and brand attributes is creating a positive attitude and impacting the brand image in the eyes of the consumer. The weakest impact is nevertheless observed with expertise, which is consistent with hypothesis number one. Amongst control variables, the frequency of consumer's sporting activity showed to drive brand quality perception the most. This can simply be explained by the more frequent need to purchase sportswear, more awareness of the product offer (and brands), and more experience-based perception of the product and brand quality.

The third and last hypothesis looks into finding connection points between celebrity endorsement and brand loyalty. It was created to test whether an activity of celebrity endorsing a brand positively impacts consumer's loyalty to that brand. The results of the empirical research show that celebrity endorsement does have an impact on brand loyalty. Bush, Martin and Bush (2004) also confirm this saying that athlete role models often used terminology for celebrities in sport positively impact brand loyalty. When looking at the correlation model results, the greatest impact on brand loyalty occurs when all determinants are observed together. Looking at them individually, however, the strongest player is trustworthiness and the weakest expertise. Overall, source credibility is crucial in this context because it helps build a long-term relationship with consumers (Hung, 2014). The multiple regression model yielded similar results highlighting the importance of trustworthiness together with recognition. In this model, expertise even has a negative coefficient, which is contradictory to previous findings where expertise was identified as a key determinant of celebrity endorsement positively driving brand image (Anwar & Jalees, 2017). To build on this point, brand loyalty is proven to be influenced by many other factors than celebrity endorsement, amongst which brand quality perception is often on the front line (Khan, Memon & Kumar, 2019; Osei-Frimpong, Donkor & Owusu-Frimpong, 2019).

Even though determinants perform differently across testing methods and hypotheses, I can conclude that the most impactful determinant of celebrity endorsement across all three hypotheses appeared to be congruency and trustworthiness.

There are visible and (mostly) positive indicators when it comes to describing the impact of celebrity endorsement on consumer behavior and perception. However, the values resulting from correlation and regression analysis conducted are not very high. It can be argued that the impact in question is observed but is not very strong. One of the reasons for this could be the complexity of the topic and the research methodology. Respondents can struggle by providing accurate input because they might never or rarely think about their behavior patterns and motivational factors. Furthermore, articulating behavior and describing it with a given set of words can also be challenging. Especially, when they are not in the situation

but must rather imagine it or remember it. Lastly, when it comes to purchasing and perception drivers, respondents tend to give stronger weight to “rational” factors, such as price, and look of the product because they are more tangible (Dalglish, 2016).

Nevertheless, the managerial implications of the findings are summarized in the following paragraph. Firstly, celebrity endorsement should be looked at as a holistic approach. Celebrity is a combination of many characteristics, stories, impressions, and one determinant should not be isolated when deciding which celebrity to choose. A good marketer needs to make sure they all work together in synergy. If we need to prioritize, however, this research suggests putting more focus on making sure celebrity is trustworthy, communication is honest and they match with the endorsed brand rather than elevating their expertise card. Similarly, as Munyoro and Nhevere (2019) conclude, each industry and country (culture) might have deviations. Overall, however, investing in celebrities advocating for a brand is strategically worth looking into. Secondly, one should not ignore the role of each communications channel and must learn about their target audience. How to talk to them? What interests them? And above all, how to stay real and authentic in storytelling (Euromonitor International, 2020b)?

Furthermore, we should not neglect the power of brand image and positioning which is one of the key drivers of purchase intent. Hence, building a strong brand with a strong product should be a priority with later applied marketing tactics, such as celebrity endorsement enhancing brand positioning (Rameez ul Hassan & Jamil, 2014).

## **4.2 Limitations and recommendations for further research**

This chapter covers some of the limitations related to this master’s thesis research and points out the opportunities for improvements with future research in the field of celebrity endorsement. When it comes to empirical research, the sample was relatively small (n=102) and homogenous, particularly in terms of frequency of sport participation and age group.

Due to the need for focus, this thesis did not answer how the perceived brand quality and brand loyalty impact the purchase intention. There’s various research available on this topic and should be considered for an extended understanding of the matter, especially for long-term marketing investment strategies (Osei-Frimpong, Donkor & Owusu-Frimpong, 2019).

It is important to mention that I measured the impact of celebrity endorsement only concerning endorsed products/goods. This means that items were featured in the endorsement activity. If there is an impact being transferred to other brands and products, this could be a topic for further research.

Over-endorsement and other “risks” of celebrity endorsement that might lower or negatively impact the consumer’s behavior or preference were not considered in the empirical part of the thesis. It is recommended, that further research considers this as well (as a moderating

factor) since the literature suggests these factors move the scale in the consumer's brand and product preference as well (Pringle, 2012; Muda, Musa & Putit, 2012). It is known from various research that multiple variables drive the final decision to purchase, from gender, purchasing power, culture and fashion trends, etc. The difference can also be assigned to using global versus local celebrities. And exploring the later could add a great addition to the existing literature. With the adjusted method, measuring impact before and after a specific marketing activity could also be proven beneficial when calculating celebrities' contribution to sales (Dugalić & Lazarević, 2016, p. 444).

Similarly, what Muda, Musa, Mohamed and Borhan (2014) already pointed out, is also true for this research. This research has been heavily influenced by findings, norms, and beliefs that are common in the western world. According to these same authors, the western world has a biased relation, obsession even, towards celebrity culture.

## **CONCLUSION**

Celebrity endorsement, collaboration, or – some even refer to it as – co-branding has been researched extensively and proven as a successful and verified marketing tool when companies want to stand out from the cluttered in the highly competitive environment (Muda, Musa & Putit, 2012). It has not been only researched in academia. Celebrity endorsement has become a key element of many companies' marketing strategies (Chung, Derdenger & Srinivasan, 2013).

When companies strive for financial growth and improving stakeholders' return, all management decisions are made based on short-term or long-term investment return plans. That includes investments in celebrities which are known to be large investments, especially when athlete celebrities are involved (Elberse & Verleun, 2012). However, we would not be talking about investments if there was no return, no benefit for the company. Celebrity endorsement is known for having numerous benefits for companies and brands. From brand recognition, preference, and perception uplift to financial implications, such as sales and stock price increase (Saini & Chauhan, 2017; Elberse & Verleun, 2012). Despite a contradicting quote from David Ogilvy: "Celebrity ads prompt above-average product recall but stimulate below-average sales", there is research proving positive ROI when it comes to expensive celebrity contracts (Chung, Derdenger & Srinivasan, 2013).

As mentioned, having a celebrity speaking for the brand and promoting its products is not cheap. If done right, however, it can yield a return that is hardly matched by any other marketing technique (Pringle, 2004). And with "done right" I am referring to various criteria and elements that need to be considered when adopting celebrities as spokespeople for the brand. Throughout this thesis, I refer to them as celebrity endorsement determinants. Now, more than ever, society and consumers are looking for brands that stand for something. They are looking for brands that represent their beliefs in words and actions. Things do not end

with public statements and tweeter posts. To answer this demand, brands should act quickly and sustain their position. Collaborating with partners that support the same mission can be a win-win scenario (Ross, 2020). This nicely ties into the theory of congruency or the so-called match-up hypothesis which states that fit between celebrity and brand characteristics enhances the endorsement and increases the consumer's connection to the brand (Kahle & Homer, 1985; Behnoosh, 2018; Mukherjee, 2009). Similar importance can be assigned to the source credibility model, source attractiveness model, and meaning transfer model. The source credibility model explains that a credible celebrity (source) creates greater awareness and a more positive image. It is a general principle that people trust credible sources, hence are open to the message they carry (Yilmaz, Telci, Bodur & Iscioglu, 2011). The source attractiveness model consists of familiarity, likeability, similarity, and physical attractiveness and has an impact on the consumer through the process of identification (Behnoosh, 2018). The meaning transfer model explains that celebrities can transfer their personality traits (meanings) onto the endorsed product or brand during the process of endorsement (McCracken, 1989) which brings me back to the importance of celebrity-brand congruence.

It is not only companies and brands that benefit from the endorsement relationship. Celebrities have their incentive as well. Some do it for the monetary benefits, some do it for increasing their exposure and fame, and some do it to test themselves in a new field (e.g. as designers or art directors) or they believe in the brand and feel connected to it.

Celebrity endorsement can also have downsides. Negative publicity can hinder the setup and the communications plans when a celebrity is involved in controversial actions or takes a stand that is considered extreme or biased in a specific cultural environment. Some studies show that involvement in scandals and bad publicity harms the celebrity and the brand he or she endorses (Munyoro & Nhevere, 2019). However, Osei-Frimpong, Donkor and Owusu-Frimpong (2019) show that negative publicity does not negatively impact the purchase intent. Furthermore, multiple endorsements reduce the power of the endorsement and hence the investment into contractual connection to celebrity (Mukherjee, 2009).

Sportswear is on the rise. Growth predictions and consumer lifestyle trends are optimistically paving the future of sportswear. Not only is the awareness of the sport and healthy lifestyle growing, but it is also the fact that fashion and lifestyle trends are blurring with sportswear culture where consumers do not clearly distinguish between items used for sport or leisure, but rather have highly functional products that look fashionable at the same time (Euromonitor International, 2018). This is also visible in the latest fashion trends and collaborations between sportswear brands and famous designers and the entire subculture of sneakerheads (Powell, 2017).

This study aimed to provide a current theoretical overview of celebrity endorsement and to give an outlook with the empirical research as well. Readers can now better understand how consumers view celebrities, and how they interact with them and with the brands they

endorse after being exposed to the specific piece of marketing content. The below paragraphs explain the hypothesis construct, key findings, and implications for the industry.

The objective was to find whether celebrity endorsement has an impact on consumer's purchase intent, brand quality perception, and brand loyalty of the endorsed brand. Based on this objective, three hypotheses were formed, each testing individual impact. Celebrity endorsement was measured with five determinants linked to the celebrity (source): expertise, trustworthiness, attractiveness, congruency, and recognition. Empirical research was conducted, using the quantitative method of a structured questionnaire using examples of athlete and lifestyle celebrities endorsing sportswear brands. Results are based on 102 individuals who provided answers anonymously through the Google Forms platform. With results from correlation and multiple regression analysis, all three hypotheses were confirmed letting me conclude that celebrity endorsement does have an impact on consumer's purchase intent, brand quality perception, and brand loyalty.

A likable and credible source awakens positive feelings. When a consumer connects these feelings to a brand, it can lead to an increase in purchase intention (Osei-Frimpong, Donkor & Owusu-Frimpong, 2019). Furthermore, if there is a connection between the product/brand and the celebrity and if they share personality traits or characteristics, consumer's purchase intention goes up (Khan, Memon & Kumar, 2019). The results from this study also prove that product/brand and celebrity match-up is very important, which leads to importance credibility as well because the consumer is less open to trusting a celebrity that does not match with the product/brand he or she represents, hence he or she appears less credible to promote it and, therefore, less persuasive (Erdogan, Baker & Tagg, 2001).

When consumers consider a celebrity spokesperson as credible and trustworthy, perception and attitude towards the brand are positive as well. Consumer's perception of a brand's quality is a personal evaluation process and is triggered by internal and external factors (Osei-Frimpong, Donkor & Owusu-Frimpong, 2019). It can be confirmed with findings from this study as well that celebrity endorsement has an impact on brand quality perception with the only difference being that the biggest drivers of brand quality perception amongst respondents in this study were congruency between brand and celebrity and celebrity's recognition.

Osei-Frimpong, Donkor and Owusu-Frimpong (2019) argue that celebrity endorsement positively influences brand loyalty because of the positive emotional linkage to the brand which occurs because of an endorser's attributes and brand attributes. It also occurs due to the celebrity's fame, recognizability, and power of drawing attention. With more exposure quicker recall and brand loyalty come. As suggested by Khan, Memon and Kumar (2019), brand loyalty is often a mediator between brand quality and purchase intent. It is also a result of positive shifts in them. While it is hard to directly link celebrity impact to increased brand loyalty, it is without a doubt a result of high brand quality perception. Findings in this research support the impact of celebrity endorsement on brand loyalty, particularly due to

celebrity's trustworthiness. Finding out whether that loyalty comes through the brand quality perception or rather brand awareness (due to celebrity's recognition) can be an opportunity for further research.

Even though I looked at three separate impact streams and I set three separate hypotheses, it is worth mentioning that all three are interconnected and cannot be looked at only in isolation. Khan, Memon and Kumar (2019) concluded in their research that there is a link between brand loyalty and purchase intention, as well as between brand quality perception and brand loyalty. A very strong association was observed between perceived brand quality and purchase intent which is constant or repetitive if the quality is high and that leads to brand loyalty. And with celebrities impacting the perceived brand quality, we close the loop of interconnectivity.

Key findings and recommendations lie in the fact that celebrity endorsement should be addressed with a holistic approach. Different papers give different weights to each determinant. Some say celebrities should be selected based on their credibility, others say based on their attractiveness, and third say based on their congruency with the brand. Despite the key determinants standing out in this research are trustworthiness and congruency as well. The strongest impact was always observed when all five determinants were combined, which helps me conclude that choosing a celebrity should always be looked at holistically considering the entire persona of the celebrity. When planning the celebrity endorsement strategy, it is also key to know the target audience, the target group, their preference, and their behavior triggers. Where do they spend their time? Who do they look up to? How do they like to interact with brands? What inspires them how to reach them? And so on. And then onboard the right profile of celebrities that are relevant and relatable, match the brand or product, and are recognizable, attractive, and considered knowledgeable or experts of the matter/product in focus.

## REFERENCE LIST

1. Aaker, D. A. (1991). *Managing brand equity: capitalizing on the value of a brand name*. New York: The Free Press.
2. Aaker, D. A. (1996). *Building strong brands: Building, measuring and managing brand equity*. New York: The Free Press.
3. Aleti, T., Pallant, J. I., Tuan, A. & van Laer, T. (2019). Tweeting with the stars: automated text analysis of the effect of celebrity social media communications on consumer word of mouth. *Journal of interactive marketing*, 48, 17–32.
4. Anwar, A. & Jalees, T. (2017). Celebrity endorsement and consumer purchase intentions. *Market forces*, 12(1), 29–40.
5. Arai, A., Ko, Y. & Ross, S. (2014). Branding athletes: Exploration and conceptualization of athlete brand image. *Sport management review*, 17(2), 97–106.

6. Arsena, A., Silvera, D. & Pandelaere, M. (2014). Brand trait transference: When celebrity endorsers acquire brand personality traits. *Journal of business research*, 67(7), 1537–1543.
7. Banton, C. (2019). *Endorsement*. Retrieved 25 April 2020 from <https://www.investopedia.com/terms/e/endorsement.asp>
8. Barnett, D. (no date). *Celebrities or athletes? The future of sports endorsements*. Retrieved 30 April 2020 from <https://www.influencerintelligence.com/blog/KF/celebrities-or-athletes-the-future-of-sports-endorsements>
9. Behnoosh, S. (2018). *Celebrity athlete endorsement and social marketing: promoting participation in sport and physical activity*. Auckland: University of Technology.
10. Besharat, A. (2010). How co-branding versus brand extensions drive consumers' evaluations of new products: A brand equity approach. *Industrial marketing management*, 39(8), 1240–1249.
11. Braunstein, J. R. & Zhang, J. J. (2005). Dimensions of athletic star power associated with generation Y sports consumption. *International journal of sports marketing and sponsorship*, 6(4), 242–267.
12. Bruner, G. C. (2009). *Marketing scales handbook: a compilation of multi-item measures for consumer behavior & advertising research: Vol. 5*. Fort Worth: GCBII Productions.
13. Bruner, G. C. (2019). *Marketing scales handbook: multi-item measures for consumer insight research: Vol. 10*. Fort Worth: GCBII Productions.
14. Bush, A., Martin, C. & Bush, V. (2004). Sports celebrity influence on the behavioral intentions of generation Y. *Journal of advertising research*, 44(1), 108–118.
15. Butler-Young, S. (2019, 2 July). *Are high-profile black stars doing enough to create change at brands?* Retrieved 22 April 2020 from <https://footwearnews.com/2019/business/opinion-analysis/beyonce-serena-williams-colin-kaepernick-nike-adidas-endorsements-1202800231/>
16. Carr, S. (2020, 9 April). *How many ads do we see a day?* Retrieved 4 May 2020 from <https://ppcprotect.com/how-many-ads-do-we-see-a-day/>
17. Carrillat, F. A., O'Rourke, A.-M. & Plourde, C. (2019). Celebrity endorsement in the world of luxury fashion-when controversy can be beneficial. *Journal of marketing management*, 35(13-14), 1193–1213.
18. Celebrity endorsement. (no date). V *Business Dictionary*. Retrieved 25 April 2020 from <http://www.businessdictionary.com/definition/celebrity-endorsement.html#ixzz3fCVZFShr>
19. Centeno, D. & Wang, J. (2017). Celebrities as human brands: An inquiry on stakeholder-actor co-creation of brand identities. *Journal of business research*, 74, 133–138.
20. Choi, S. M. & Rifon, N. J. (2007). Who is the celebrity in advertising? Understanding dimensions of celebrity images. *The journal of popular culture*, 40(2), 304–324.

21. Chung, K. Y. C., Derdenger, T. P. & Srinivasan, K. (2013). Economic value of celebrity endorsements: Tiger Woods' impact on sales of Nike golf balls. *Marketing science*, 32(2), 271–293.
22. Cornwell, T. B. (2008). State of the art and science in sponsorship-linked marketing. *Journal of advertising*, 37(3), 41–55.
23. Dalglish, A. (2016, 24 August). *Using regression analysis in market research*. Retrieved 21 June 2020 from <https://www.business2community.com/marketing/using-regression-analysis-market-research-01637320>
24. Das, D. & Prasannan, A. (2018, 4 April). *Activewear market overview*. Retrieved 22 April 2020 from <https://www.alliedmarketresearch.com/activewear-market>
25. Dasgupta, S. (2018, 17 July). *Celebrity-Based AD Campaigns: What are the PROS and CONS in World & South Korea?* Retrieved 21 September 2020 from <https://us.acrofan.com/detail.php?number=84079&UA=PC>
26. Debeljak, G. & Mikulin, M. (2018). *Consumer's perceived value of Adidas as casual sportswear brand*. Ljubljana: Faculty of Economics.
27. Duffy, C. (2018, 23 February). *Here's what it would mean for Nike if endorser Drake jumps ship to Adidas*. Retrieved 22 April 2020 from <https://www.bizjournals.com/portland/news/2018/02/23/heres-what-it-would-mean-for-nike-if-endorser.html>
28. Dugalić, S. & Lazarević, S. (2016). The impact of celebrity athlete endorsement on purchasing habits. *Physical education and sport*, 14(3), 435–446.
29. Elberse, A. & Verleun, J. (2012). The economic value of celebrity endorsements. *Journal of advertising research*, 52(2), 149–165.
30. Endorsement. (no date). V *Cambridge Dictionary*. Retrieved 22 April 2020 from <https://dictionary.cambridge.org/dictionary/english/endorsement>
31. Erdogan, B. Z. (1999). Celebrity Endorsement: a literature review. *Journal of marketing management*, 15(4), 291–314.
32. Erdogan, B. Z., Baker, M. & Tagg, S. (2001). Selecting celebrity endorsers: the practitioner's perspective. *Journal of advertising research*, 41(3), 39–48.
33. Euromonitor International. (2007, 11 September). *Does reaching for the stars pay? Celebrity endorsement today*. Retrieved on July 13, 2017, from <http://www.portal.euromonitor.com/portal/?01TAooou62ypdcbvb7ZXdg%3d%3d>
34. Euromonitor International. (2014a, 29 April). *Celebrity power and its influence on global consumer behaviour*. Retrieved 14 April 2020 from <https://blog.euromonitor.com/celebrity-power-and-its-influence-on-global-consumer-behaviour/>
35. Euromonitor International. (2014b, 4 June). *Global participative sport as consumption: The new rules of the game*. Retrieved 22 April 2020 from <http://www.portal.euromonitor.com/portal/?FK%2banB8rQmfG7JZbzJzmDw%3d%3d>
36. Euromonitor International. (2018, 9 November). *World market for sportswear*. Retrieved 22 April 2020 from <http://www.portal.euromonitor.com/portal/?F%2f6X9w%2fU%2f6RpotsNWgkPYg%3d%3d>



37. Euromonitor international. (2019, 3 July). *Digital disruptors: The global competitive landscape of social media*. Retrieved 4 May 2020 from <http://www.portal.euromonitor.com/portal/?fY2QJexFiTRN0j1iVoSAwQ%3d%3d>
38. Euromonitor International. (2020a, 8 April). *Sportswear in world-datagraphics*. Retrieved 22 April 2020 from <http://www.portal.euromonitor.com/portal/?F%2f6X9w%2fU%2f6TIuI63BQKaRQ%3d%3d>
39. Euromonitor International. (2020b, 4 February). *Using consumer insights to your advantage: How social media is influencing shopping*. Retrieved 4 May 2020 from <http://www.portal.euromonitor.com/portal/?YQ5AQGT414Xxy2fNOz59KQ%3d%3d>
40. Field, A. (2018). *Discovering statistics using IBM SPSS statistics*. London: Sage Publications.
41. Flint, S. & Peake, R. (2016). Lead by example: should sport take a stand against brands of unhealthy consumption? *Public health*, 134, 117–119.
42. Flint, S., Peake, R., Plumley, D. & Polyakova, O. (2014). Using sport as a tool to market unhealthy food. *European journal of business and social sciences*, 2(12), 15–25.
43. Frederick, H. & Patil, S. (2010). The dynamics of brand equity, co-branding and sponsorship in professional sports. *International journal of sport management and marketing*, 7(1-2), 44–57.
44. Friedman, H. H. & Friedman, L. (1979). Endorser effectiveness by product type. *Journal of advertising research*, 19(5), 63–71.
45. Futterman, M. (2008, 3 December). *How Phelps became the face of PureSport*. Retrieved 7 May 2020 from <https://www.wsj.com/articles/SB122827044336574903>
46. Gladden, J. M. & Funk, D. C. (2001). Understanding brand loyalty in professional sport: Examining the link between brand associations and brand loyalty. *International journal of sports marketing & sponsorship*, 3(1), 54–81.
47. Gogoi, B. J. (2013). Study of antecedents of purchase intention and its effect on brand loyalty of private label brand of apparel. *International journal of sales & marketing management research and development*, 3(2), 73–86.
48. Goldsmith, R. E., Lafferty, B. A. & Newell, S. J. (2000). The impact of corporate credibility and celebrity credibility on consumer reaction to advertisements and brands. *Journal of advertising*, 29(3), 43–54.
49. Gotlieb, J. B., Grewal, D. & Brown, S. W. (1994). Consumer satisfaction and perceived quality: Complementary or divergent constructs? *Journal of applied psychology*, 79(6), 875–885.
50. Gupta, R., Kishore, N & Verma, D. P. S. (2015). Impact of celebrity endorsement on consumers purchase intention: a study of Indian consumers. *Australian journal of business and management research*, 5(3), 1–15.
51. Holmes, E. (2015, 5 May). *Athleisure: a workout look for every occasion*. Retrieved 22 April 2020 from <https://www.wsj.com/video/athleisure-a-workout-look-for-every-occasion/D0174829-3288-40F1-9E12-0F420E38AA9A.html>

52. Hovland, C. I. & Weiss, W. (1951). The influence of source credibility on communication effectiveness. *The public opinion quarterly*, 15(4), 635–650.
53. Hung, K. (2014). Why celebrity sells: a dual entertainment path model of brand endorsement. *Journal of advertising*, 43(2), 155–166.
54. Ilicic, J. & Webster, C. (2013). Celebrity co-branding partners as irrelevant brand information in advertisements. *Journal of business research*, 66(7), 941–947.
55. Kahle, L. R. & Homer, P. M. (1985). Physical attractiveness of the celebrity endorser: A social adaptation perspective. *Journal of Consumer Research*, 11(4), 954-961.
56. Kahle, L. R. & Riley, C. (2004). *Sports marketing and the psychology of marketing communication*. Mahwah: Lawrence Erlbaum Associates.
57. Kamins, M. (1990). An investigation into the " match-up" hypothesis in celebrity advertising: When beauty may be only skin deep. *Journal of advertising*, 19(1), 4–13.
58. Keller, K. L. (2009). Building strong brands in a modern marketing communications environment. *Journal of marketing communications*, 15(2-3), 139–155.
59. Kelman, H. C. (1961). Processes of opinion change. *Public opinion quarterly*, 25(1), 57–78.
60. Kemp, S. (2020, 30 January). *Digital 2020 reports*. Retrieved 4 May 2020 from <https://wearesocial.com/blog/2020/01/digital-2020-3-8-billion-people-use-social-media>
61. Khan, M., Memon, Z. & Kumar, S. (2019). Celebrity endorsement and purchase intentions: the role of perceived quality and brand loyalty. *Market forces*, 14(2), 99–120.
62. Kilburn, D. (1998, 12 January). *Letter from Tokyo: Star power*. Retrieved 22 April 2020 from <https://www.adweek.com/brand-marketing/letter-tokyo-star-power-39640/>
63. Klaus, N. & Bailey, A. A. (2008). Celebrity endorsements: an examination of gender and consumers' attitudes. *American business law journal*, 23(2), 53–61.
64. Kwak, D. H., Lee, J. S. & Chan-Olmsted, S. (2018). Athlete scandals and endorsement marketing: Research trends and introduction to topics. *Journal of global sport management*, 3(2), 99–106.
65. Lavidge, R. J. & Steiner, G. A. (1961). A model for predictive measurements of advertising effectiveness. *Journal of marketing*, 25(6), 59–62.
66. Manta, A. (2013). *The celebrity athlete: A powerful endorsement tool in the mass media*. Boston: Boston College University.
67. Marwick, A. E. (2015). Instafame: Luxury selfies in the attention economy. *Public culture*, 27(1), 137–160.
68. McCormick, K. (2016). Celebrity endorsements: Influence of a product-endorser match on millennials attitudes and purchase intentions. *Journal of retailing and consumer services*, 32, 39–45.
69. McCracken, G. (1989). Who is the celebrity endorser? Cultural foundations of the endorsement process. *Journal of consumer research*, 16(3), 310–321.

70. Mirabi, V., Akbariyeh, H. & Tahmasebifard, H. (2015). A study of factors affecting on customers purchase intention. *Journal of multidisciplinary engineering and technology*, 2(1), 267–273.
71. Morgan, A. G. & Miyazaki, A. D. (2001). Assessing market value of event sponsoring: Corporate Olympic sponsorships. *Journal of advertising research*, 41(1), 9–15.
72. Muda, M., Musa, R. & Putit, L. (2012). Breaking through the clutter in media environment: How do celebrities help? *Procedia-social and behavioral sciences*, 42, 374–382.
73. Muda, M., Musa, R., Mohamed, R. & Borhan, H. (2014). Celebrity entrepreneur endorsement and advertising effectiveness. *Procedia-social and behavioral sciences*, 130, 11–20.
74. Mukherjee, D. (2009, 6 August). *Impact of celebrity endorsements on brand image*. Retrieved 20 April 2020 from [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1444814](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1444814)
75. Munyoro, G. & Nhevere, W. (2019). The contribution of celebrity endorsement to university student's buying behavior in developing countries: A case study of Chinhoyi university of technology students. *International journal of research in business, economics and management*, 3(1), 177–197.
76. Nouri, M. (2018). The power of influence: Traditional celebrity vs social media influencer. *Advanced writing: Pop culture intersections*, 32, 1–20.
77. Ohanian, R. (1990). Construction and validation of a scale to measure celebrity endorsers' perceived expertise, trustworthiness and attractiveness. *Journal of advertising*, 19(3), 39–52.
78. Osei-Frimpong, K., Donkor, G. & Owusu-Frimpong, N. (2019). The impact of celebrity endorsement on consumer purchase intention: an emerging market perspective. *Journal of marketing theory and practice*, 27(1), 103–121.
79. Pappu, R., Quester, P. G. & Cooksey, R. W. (2006). Consumer-based brand equity and country of origin relationships: some empirical evidence. *European journal of marketing*, 40(5/6), 696–717.
80. Parris, L. D., Troilo, L. M., Bouchet, A. & Welty Peachey, J. (2014). Action sports athletes as entrepreneurs: Female professional wakeboarders, sponsorship, and branding. *Sport management review*, 17(4), 530–545.
81. Patel, F. (2019, 15 April). *The advertising landscape continues to shift-here's what brands need to know*. Retrieved 27 April 2020 from <https://www.nielsen.com/eu/en/insights/article/2019/advertising-landscape-continues-to-shift-what-brands-need-to-know/>
82. Pesheva, E. (2019, 5 December). *Who's that girl?* Retrieved 18 August 2020 from <https://news.harvard.edu/gazette/story/2019/12/gender-equality-can-shape-mens-ability-to-recognize-famous-females/>
83. Peter, J. P. & Donnelly, J. H. (2011). *A preface to marketing management*. New York: McGraw-Hill.

84. Powell, M. (2017, 26 January). *Sneakernomics: are sneakerheads important?* Retrieved 27 April 2020 from <https://www.npd.com/wps/portal/npd/us/blog/2017/sneakernomics--are-sneakerheads-important/>
85. Pringle, H. (2004). *Celebrity sells*. West Sussex: John Wiley & Sons.
86. Pringle, H. (2012). *Celebrity endorsement: to celeb or not to celeb?* Retrieved 11 July 2017 from <https://www.warc.com/Content/9c96ead2-9002-490a-84d8-c5d60f04c0b7>
87. Rachbini, W. (2018). The influence of celebrity endorsements on purchase intention (a study on Vivo V7). *Journal of business and management*, 20(8), 59–66.
88. Rameez ul Hassan, S. & Jamil, R. A. (2014). Influence of celebrity endorsement on consumer purchase intention for existing products: a comparative study. *Journal of management info*, 4(1), 1–23.
89. Randhawa, A. & Khan, J. (2014). Impact of celebrity endorsement on consumer buying behaviour. *International journal of business management*, 1(2), 170–189.
90. Rojek, C. (2001). *Celebrity*. London: Reaktion Books.
91. Ross, L. (2020, 9 June). “There’s no pill you can take.” *Systematic racism and the path forward for brands*. Retrieved 15 June 2020 from <https://www.edelman.com/research/theres-no-pill-you-can-take-systemic-racism-and-path-forward-brands>
92. Ross, S. D. (2006). A conceptual framework for understanding spectator-based brand equity. *Journal of sports management*, 20(1), 22–38.
93. Sabir, R. I., Safdar, M., Junaid, M. T., Khurshid, N. & Shahnawaz, M. (2014). Impact of uniform celebrity endorsed advertisements on consumer buying behavior: Sahiwal University Students' Perspective. *Journal of basic and applied scientific research*, 4(4), 238–248.
94. Saini, A. & Chauhan, S. (2017). Impact of celebrity endorsement on brands and brand equity: A review contribution to brand literature. *Journal of commerce, economics & computer science*, 3(4), 131–135.
95. Sassenberg, A.-M., Verreynne, M.-L. & Johnson Morgan, M. (2012). A sport celebrity brand image: A conceptual model. *International journal of organisational behaviour*, 17(2), 108–121.
96. Schimmelpfennig, C. & Hollensen, S. (2016). Significant decline in celebrity usage in advertising: A review. *Journal of marketing management*, 15(1), 7–19.
97. Schouten, A., Janssen, L. & Verspaget, M. (2020). Celebrity vs. influencer endorsements in advertising: the role of identification, credibility, and product-endorser fit. *International journal of advertising*, 39(2), 258–281.
98. Shimp, T. A. & Andrews, J. C. (2013). *Advertising, promotion, and other aspects of integrated marketing communications* (9<sup>th</sup> ed.). Mason: South-Western.
99. Simon, C. & Sullivan, M. W. (1993). The measurement and determinants of brand equity: A financial approach. *Marketing science*, 12(1), 28–52.
100. Spry, A., Pappu, R. & Cornwell, T. B. (2011). Celebrity endorsement, brand credibility and brand equity. *European journal of marketing*, 45(6), 882–909.

101. Sussman, B. (2015, 20 October). *Influencers vs. ambassadors vs. advocates: stop the confusion!* Retrieved 25 April 2020 from <https://www.entrepreneur.com/article/249947>
102. The Nielsen Company. (2015, 28 September). *Global trust in advertising*. Retrieved 18 April 2020 from <https://www.nielsen.com/wp-content/uploads/sites/3/2019/04/global-trust-in-advertising-report-sept-2015-1.pdf>
103. The Nielsen Company. (2019a, 7 August). *Predicting performance of athletes as influencers: on-court performance doesn't always dictate marketability*. Retrieved 14 April 2020 from <https://www.nielsen.com/us/en/insights/article/2019/predicting-performance-of-athletes-as-influencers-on-court-performance-doesnt-always-dictate-marketability/>
104. The Nielsen Company. (2019b, 9 March). *Power of one. Athletes as endorsers*. Retrieved 14 April 2020 from <https://www.nielsen.com/us/en/insights/report/2019/power-of-one-athletes-as-endorsers/>
105. Thompson, D. (2010). *Celebrities must be relevant to increase brand engagement*. Retrieved 10 July 2017 from [https://www.warc.com/content/paywall/article/Celebrities\\_must\\_be\\_relevant\\_to\\_increase\\_brand\\_engagement/90683](https://www.warc.com/content/paywall/article/Celebrities_must_be_relevant_to_increase_brand_engagement/90683)
106. Thomson, M. (2006). Human brands: Investigating antecedents to consumers' strong attachments to celebrities. *Journal of marketing*, 70(3), 104–119.
107. Till, B. D. & Busler, M. (2000). The match-up hypothesis: physical attractiveness, expertise and the role of fit on brand attitude, purchase intent and brand beliefs. *Journal of advertising*, 29(3), 1–13.
108. Törn, F. (2012). Revisiting the match-up hypothesis: effects of brand-incongruent celebrity endorsements. *Journal of current issues and research in advertising*, 33(1), 20–36.
109. Tripp, C., Jensen, T. D. & Carlson, L. (1994). The effect of multiple product endorsements by celebrities on consumers' attitudes and intentions. *Journal of consumer research*, 20(4), 535–547.
110. Um, N.-H. (2008). Exploring the effect of single vs. multiple products multiple celebrity endorsements. *Journal of management and social sciences*, 4(2), 104–114.
111. Upadhyay, Y. & Singh, S. K. (2010). When sports celebrity doesn't perform: How consumers react to celebrity endorsement? *Vision*, 14(1-2), 67–78.
112. White, D. W., Goddard, L. & Wilbur, N. (2009). The effects of negative information transference in the celebrity endorsement relationship. *International journal of retail & distribution management*, 37(4), 322–335.
113. Wilson, A., Zeithaml, V., Bitner, M. J. & Gremler, D. (2016). *Services marketing: integrating customer focus across the firm*. Berkshire: McGraw Hill.
114. Wilson, E. (2006, 23 March). *Sneakerhead bonanza*. Retrieved 23 April 2020 from <https://www.nytimes.com/2006/03/23/fashion/thursdaystyles/sneakerhead-bonanza.html>

115. Wonderhatch. (2019, 16 August). *Celebrity endorsements; make your advertising reach for the stars*. Retrieved 14 April 2020 from <https://wonderhatch.co.uk/celebrity-endorsements-make-your-advertising-reach-for-the-stars>
116. Yannopoulos, P. (2012). Celebrity advertising: literature review and propositions. *World review of business research*, 2(4), 24–36.
117. Yilmaz, C., Telci, E., Bodur, M. & Iscioglu, T. E. (2011). Source characteristics and advertising effectiveness: The roles of message processing motivation and product category knowledge. *International journal of advertising*, 30(5), 889–914.
118. Zahaf, M. & Anderson, J. (2008). Causality effects between celebrity endorsement and the intentions to buy. *Innovative marketing*, 4(4), 57–65.

## **APPENDICES**





## **Appendix 1: Executive summary in Slovene**

Namen magistrskega dela je ugotoviti, ali ima zvezdniško oglaševanje vpliv na nakupni namen, zaznano kakovost znamke in zvestobo znamki. Zaradi potenciala ki ga nudita športna industrija in svet športnega zvezdnitva, sem se odločila, da magistrsko delo osredotočim na športnike, športne izdelke in športne znamke. Naloga na začetku ponuja pregled literature in obstoječih raziskav, v drugem delu pa opisuje pristop k empiričnemu delu in rezultate raziskave, opravljene z vprašalnikom.

Sodobna družba je v letu 2020, dosegla visoko raven nasičenosti, kar se tiče oglaševanja. Različna podjetja in veliki oglaševalci že leta preučujejo različne načine, kako biti opazen v nasičenem oglaševalskem prostoru. Glavni cilj je učinkovita komunikacija in posledično pridobivanje pozornosti, ozaveščenosti in pozitivnega odnosa potrošnikov do izdelkov in blagovnih znamk. Za doseganje tega cilja podjetja uporabljajo različnih trženjskih in oglaševalskih tehnik (Khan, Memon & Kumar, 2019), vse od inovacij na področju izdelkov oz. storitev, personaliziranih in prilagojenih nakupov do vsesplošnih izboljšav trženjskega komuniciranja. Eden izmed bolj priljubljenih pristopov je uporaba slavnih osebnosti v oglaševalske namene, zvezdniško trženje ali tako imenovano zvezdniško oglaševanje (Yannopoulos, 2012).

Zvezdnik je več kot le slavni posameznik. Je osebna znamka, ki je prepoznavna in uživa močan ugled v javnosti. Zvezdniki imajo posebno moč prepričevanja. Bodisi s svojo privlačnostjo, všečnostjo, zaupnostjo, verodostojnostjo ali pa preprosto s tem, da se skladajo in sovpadajo z idejo in izdelkom, ki je predmet pogovora (McCracken, 1989). Zvezdniško oglaševanje, kot ga definira McCracken (1989), je dejanje, ko zvezdnik uporabi svojo prepoznavnost in svoj status v promocijske namene, ko se pojavi v oglasu za določen izdelek ali blagovno znamko.

Dokazano je, da so zvezdniki uspešni pri zbujanju pozornosti, promoviranju in vplivanju na mnenje in vedenje potrošnikov, kar se zgodi preko njihovih osebnostnih značilnosti in dosežkov (Muda, Musa & Putit, 2012). Med uspešnejšimi zvezdniki na tem področju so zagotovo športniki in športni klubi ter ekipe (Dugalić & Lazarević, 2016; Flint & Peake, 2016). Kot rečeno, ima zvezdniško oglaševanje številne pozitivne vplive na oglaševani izdelek in znamko. Številni raziskovalci so potrdili, da se uporaba te trženjske tehnike odraža pri prodaji, dobičku in celo vrednosti delnice podjetja (Elberse & Verleun, 2012). Poleg finančnih rezultatov gre zvezdniskemu trženju pripisati tudi zasluge za povečano zaznano kakovost znamke in zvestobo znamki, torej bolj dolgotrajne vplive (Osei-Frimpong, Donkor & Owusu-Frimpong, 2019). Toda pozitivni vplivi niso enostranski. Zvezdnik ima tudi nekaj koristi od sodelovanja z določenim podjetjem ali ustanovo. Od finančnih in materialnih zaslužkov, nadgradnje osebne znamke in slave (oblika soznamčenja) in vse do oblikovanja svoje linije izdelkov in podobno. Ima pa zvezdniško oglaševanje lahko tudi negativne vplive. Predvsem v primeru preštevilčnih pogodb, škandalov in negativne

publicitete je asociacija zvezdnika z določeno znamko lahko tej znamki škodljiva (Munyoro & Nhevere, 2019).

Športna industrija je trenutno v porastu. Glavna razloga za to sta porast ozaveščenosti o prednostih športnega udejstvovanja in želja po zabavnem programu za mnoge, ki jo izpolnjujejo s spremljanjem športa (Euromonitor International, 2014b). Za nameček, poročilo iz Euromonitorja (Euromonitor International, 2020a) pravi, da se trendi športnega in modnega sveta, kar se tiče oblačil in obutve, vedno bolj prepletajo. To gre pripisati želji po športno-elegantnem videzu in hitremu življenjskemu slogu potrošnikov, ki želijo prihraniti čas, se počutiti udobno in izgledati modno.

Kot rečeno, poleg pregleda literature, trendov in dosedanjih raziskav, ta naloga vsebuje tudi empirično raziskavo. S to raziskavo sem merila vpliv zvezdniškega oglaševanja športnih izdelkov in športnih blagovnih znamk na potrošnikov nakupni namen, zaznano kakovost znamke in zvestobo znamki. Z drugimi besedami, želela sem ugotoviti, ali zvezdniki, ki zastopajo določeno znamko in promovirajo določen izdelek, vplivajo na potrošnikovo željo po nakupu, spremenijo potrošnikovo zaznavanje oz. mnenje o kakovostni znamke in vplivajo na njihovo zvestobo in pripadnost tej znamki. Zato sem postavila tri hipoteze. Zvezdniško oglaševanje sem merila z uveljavljenimi determinantami: privlačnost, zaupnost, strokovno znanje oziroma verodostojnost, prepoznavnost ter skladnost z promoviranim izdelkom in blagovno znamko.

Raziskava je bila opravljena s pomočjo kvantitativne metode strukturiranega vprašalnika, ki sta ga izpolnila 102 respondentov preko spletne platforme Google Forms. Uporabila sem statistične metode opisnih statistik, korelacije, multiple regresije in neodvisnih t-testov. Dobra polovica anketiranih je bila ženskega spola in več kot polovica jih je bilo starih med 25 in 34 let ter športno aktivnih 3- do petkrat na teden. Rezultati analize so pokazali, da lahko vse tri hipoteze potrdimo. Vrednosti koeficientov niso zelo velike, ampak zadostne, da pokažejo vpliv in povezavo med determinantami zvezdniškega oglaševanja ter nakupom, kakovostjo in zvestobo.

Nakupni namen je bil najmočneje zaznan, ko so združene vse karakteristike (determinante) zvezdnika. Med posamezniki je pozitivno izstopala zaupnost. Presenetljivo in proti pričakovanjem je strokovnost pokazala negativen vpliv (negativen ali celo neznačilen koeficient), kar pomeni, da se je namera po nakupu zmanjšala, če je zvezdnik večji strokovnjak na svojem področju. To si lahko razlagamo z naslednjim: če pogledamo potrošniško vedenje in odnose do zvezdnikov, je poistovetenje in osebna identifikacija z zvezdnikom izredno pomembna za uspeh oglaševanja (McCracken, 1989). Če je zvezdnik (v našem primeru športnik) prevelik strokovnjak, če ustvarja občutek nedostopnosti in so njegove sposobnosti nedosegljive, lahko to negativno vpliva na potrošnika, saj je dostopnost ključna pri pozitivnem zaznavanju zvezdnikov (Mukherjee, 2009).

Za merjenje učinkovitosti trženjskih pristopov in njihovega vpliva na kakovost znamke je bistveno bolj pomembna zaznana kakovost kot pa dejanska kakovost znamke, saj gre pri zaznani kakovosti za kombinacijo zunanjih dejavnikov in notranjih občutkov, čustev in izkušenj, ki so za vsakega potrošnika drugačni (Khan, Memon & Kumar, 2019). In raziskava je pokazala, da zvezdniško trženje vpliva na zaznano kakovost znamke v očeh potrošnika. Determinanti, s katerima zvezdnik najbolj doprinese k temu, sta prepoznavnost in skladnost z izdelkom oziroma blagovno znamko. Toda velja omeniti, da so vrednosti koeficientov in s tem vpliv največji, ko so vse determinante združene.

Zvestoba blagovni znamki nastopi ko potrošnik izkaže preferenco eni blagovni znamki in željo po ponovnem nakupu ter izloči konkurenco iz miselnega in nakupnega procesa (Khan, Memon & Kumar, 2019). Raziskava je pokazala, da zvezdnik s svojimi značajskimi karakteristikami in determinantami, določenimi v raziskovalnem konstrukt, vpliva na potrošnikovo obnašanje, ki izkazuje pripadnost in zvestobo blagovni znamki. Posamezni determinanti, s katerima ima najmočnejši vpliv, sta zaupnosti in prepoznavnost, vendar vseh pet determinant skupaj predstavlja najmočnejšo povezavo med zvezdniškim oglaševanjem in zvestobo znamki.

Vredno je tudi omeniti, da odvisne spremenljivke v testiranem konstrukt vplivajo ena na drugo in niso odvisne le od neodvisne spremenljivke (zvezdniško oglaševanje). Zaznana kakovost ima vpliv na nakupni namen in zvestobo znamki. In prav tako zvestoba znamki pomeni pozitivne izkušnje z nakupom in verjetnost ponovnega nakupa oziroma nakupnega namena (Osei-Frimpong, Donkor & Owusu-Frimpong, 2019).

Ključne ugotovitve in priporočila te raziskave lahko strnem v stavek, da je k zvezdniškemu oglaševanju potrebno pristopiti celovito. Pri izbiri zvezdnika dajejo različne raziskave prednost različnim karakteristikam, vendar je treba razumeti, da le-te ne delujejo v izolaciji. Poleg tega je zvezdnika treba obravnavati kot celovito osebnost, kaj predstavlja in oceniti verjetnosti za morebitne škandale in kršitve pogodbe. Zelo pomembno pri nastavljanju trženjske strategije je seveda razumevanje ciljne skupine, njihovih navad in preferenc. Pomembno je, da vemo, kako dojemajo dotično blagovno znamko, konkurenčne znamke in zvezdnika ter kako dostopajo do oglaševanja. Za podjetja je zvezdniško oglaševanje velik finančni zalogaj, a kot kažejo raziskave, je naložba lahko zelo donosna, če se tega lotijo strateško in premišljeno.

## Appendix 2: Multiple regression enter method results-purchase intent

To test the hypothesis number 1, I also used the SPSS command called “enter”. The results and explanation of findings can be observed in Table 1. Further variables were included as control variables to avoid variable bias. These are consumer enjoys doing sports, consumer believing advertising keeps them up-to-date. They have a positive attitude towards advertising and the average value of recent sportswear purchases. Their monthly income is more than 2000 EUR net. They are physically active 5 times a week or more. Their gender. They believe advertising is truthful and they enjoy watching sports.

Beta values are relatively low (below 0.5) and some even negative (attractiveness, expertise, frequency of physical activity, and gender). Because we are interested only in the significant results, it can be concluded that celebrity’s trustworthiness (0.234) and expertise (-0.179) have the strongest impact on consumer’s purchase intent while attractiveness and congruency are not yielding significant results. This goes hand-in-hand with findings from Ohanian (1990). According to that research, a celebrity’s attractiveness has no significant impact on the consumer’s purchase intent. Furthermore, attractiveness plays a stronger role when the promoted product is made to enhance one’s attractiveness (beauty) (Till & Busler, 2000) which was not the case in this research. In my case, expertise has a negative coefficient, the same as in the previous (stepwise) method. This can be explained with the tendency for identification. Consumers tend to identify themselves with the celebrity (McCracken, 1989) and if the celebrity’s level is too hard to reach, this might result in a negative impact. Amongst the control variables, the highest values can be observed when consumers enjoy doing sports (0.277) and when they believe that advertising keeps them up-to-date with trends (0.228). The lowest value is seen with the frequency of physical activity (-0.084) which has a negative coefficient value. This helps me conclude that very active consumers are not influenced by celebrities. However, their purchase decision is rather driven by other factors.  $R^2$  adjusted in this regression model is 0.412 and we can conclude that 41% of purchase intention is influenced by these factors.

*Table 1: Multiple regression – purchase intention – enter*

	<b>B</b>	<b>Std. Error</b>	<b>Sig.</b>
Constant	0.000	0.285	0.546
Recognition	0.085	0.032	0.060
Trustworthiness	0.234	0.065	0.000
Attractiveness	-0.031	0.057	0.558
Expertise	-0.179	0.055	0.001
Congruency	0.029	0.053	0.583
Enjoys doing sports	0.277	0.053	0.000
Advertising keeps them up-to-date	0.228	0.040	0.000
Positive attitude towards advertising	0.058	0.047	0.249
Average purchase value	0.195	0.000	0.000
Monthly income above 2000 EUR net	0.036	0.079	0.384

to be continued

*Table 1: Multiple regression – purchase intention – enter (cont.)*

	<b>B</b>	<b>Std. Error</b>	<b>Sig.</b>
Physical activity at least 5x per week	-0.084	0.096	0.055
Gender	-0.014	0.087	0.747
Believes truth in advertising	0.152	0.089	0.001
Likes watching sports	0.067	0.117	0.163

*Source: own work.*

If we combine all the celebrity endorsement determinants into one variable, the results are slightly different. Table 2 below shows that if celebrity endorsement (determinants combined) is evaluated higher for one grade, purchase intention goes up for 0.164 grade. Amongst control variables, the highest beta value is observed when consumers enjoy doing sports (0.268) and the lowest when consumers believe advertising is truthful (0.121), of course, excluding all insignificant variables.  $R^2$  adjusted in this regression model is 0.399 and we can conclude that 40% of purchase intention is influenced by these factors.

*Table 2: Multiple regression – purchase intention – enter – combined*

	<b>B</b>	<b>Std. Error</b>	<b>Sig.</b>
Constant	0.000	0.292	0.071
Celebrity Endorsement	0.164	0.068	0.000
Enjoys doing sports	0.268	0.053	0.000
Advertising keeps them up-to-date	0.227	0.040	0.000
Positive attitude towards advertising	0.058	0.047	0.238
Average purchase value	0.172	0.000	0.000
Monthly income above 2000 EUR net	0.021	0.080	0.604
Physical activity at least 5x per week	-0.078	0.097	0.075
Gender	0.015	0.084	0.722
Believes truth in advertising	0.121	0.091	0.010
Likes watching sports	0.083	0.116	0.085

*Source: own work.*

### Appendix 3: Multiple regression enter method results-brand quality perception

To test hypothesis number 2, I also used the SPSS command called “enter” which is a default setting in SPSS and it automatically includes all the variables inserted regardless of their coefficient values, as opposed to the “stepwise” method.

Further variables were included as control variables to avoid variable bias. These are: consumer enjoys doing sports, consumer believing advertising keeps them up to date, having a positive attitude towards advertising, the average value of recent sportswear purchase, their monthly income of more than 2000 EUR net, being physically active 5 times a week or more, their gender, believing that advertising is truthful and enjoyment in watching sports.

As seen in Table 3, beta values are relatively low (below 0.5), some even negative (celebrity’s expertise, consumer’s monthly income above 2000 EUR net, gender, belief that advertising is truthful, and enjoying watching sports). Some variables do not yield significant results. Attractiveness and expertise in particular. This is supported by findings from Gupta, Kishore and Verma, (2015) as well. Because we are interested only in significant results, it can be concluded that celebrity and brand congruency have the strongest impact on the consumer’s perception of brand quality. Celebrity’s recognition has the second-largest beta value (0.238). Amongst the control variables, the highest value can be observed when consumers enjoy doing sports (0.269). The lowest value is seen with the average purchase value above classifications (0.093). This helps me conclude that consumers who enjoy doing sports recognize the endorser and believe that brand and celebrity are a good fit will have a higher perception of the brand quality of the brand in question.  $R^2$  adjusted in this regression model is 0.473 and we can conclude that 47% of brand quality perception can be explained by these factors.

*Table 3: Multiple regression – brand quality perception – enter*

	<b>B</b>	<b>Std. Error</b>	<b>Sig.</b>
Constant	0.000	0.159	0.000
Recognition	0.238	0.018	0.000
Trustworthiness	0.178	0.036	0.002
Attractiveness	0.074	0.032	0.137
Expertise	-0.041	0.030	0.442
Congruency	0.251	0.029	0.000
Enjoys doing sports	0.269	0.029	0.000
Advertising keeps them up-to-date	0.056	0.022	0.205
Positive attitude towards advertising	0.137	0.026	0.004
Average purchase value	0.093	0.000	0.018
Monthly income above 2000 EUR net	-0.002	0.044	0.967
Physical activity at least 5x per week	0.022	0.053	0.601
Gender	-0.144	0.049	0.001
Believes truth in advertising	-0.046	0.050	0.290
Likes watching sports	-0.076	0.065	0.096

*Source: own work.*

If we combine all the celebrity endorsement determinants into one variable, the results are slightly different. Table 4 below shows that if celebrity endorsement (determinants combined) is evaluated higher for one grade, brand quality perception rises for 0.545 grade. Amongst control variables, the highest beta value is observed when consumers enjoy doing sports (0.261) and the lowest with consumers' average value of recent sportswear purchase (0.074), of course excluding all insignificant variables.  $R^2$  adjusted in this regression model is 0.480 and we can conclude that 48% of brand quality perception can be explained by these factors.

*Table 4: Multiple regression – brand quality perception – enter – combined*

	<b>B</b>	<b>Std. Error</b>	<b>Sig.</b>
Constant	0.000	0.159	0.000
Celebrity Endorsement	0.545	0.037	0.000
Enjoys doing sports	0.261	0.029	0.000
Advertising keeps them up-to-date	0.050	0.022	0.253
Positive attitude towards advertising	0.102	0.025	0.028
Average purchase value	0.074	0.000	0.058
Monthly income above 2000 EUR net	-0.017	0.044	0.653
Physical activity at least 5x per week	0.031	0.053	0.454
Gender	-0.134	0.046	0.001
Believes truth in advertising	-0.091	0.050	0.037
Likes watching sports	-0.043	0.064	0.338

*Source: own work.*

#### Appendix 4: Multiple regression enter method results-brand loyalty

To test hypothesis number 3, I also used the SPSS command called “enter” which is a default setting in SPSS and it automatically includes all the variables inserted regardless of their coefficient values as opposed to the “stepwise” method. The results can be observed in Table 5 below. Further variables were included as control variables to avoid variable bias. These are consumer enjoying in doing sports, consumer believing that advertising keeps them up to date, having a positive attitude towards advertising, the average value of recent sportswear purchase, their monthly income being more than 2000 EUR net, being physically active 5 times a week or more, their gender, believing that advertising is truthful and enjoyment in watching sports.

Beta values are relatively low (below 0.5), some even negative (celebrity’s expertise, gender, and enjoyment in watching sports), and some variables do not yield significant results. Attractiveness and congruency in particular. This can partially be explained by the previous findings from Ohanian (1990) and the fact that congruency significantly impacts brand quality perception. Knowing that brand quality perception has a strong impact on brand loyalty (Osei-Frimpong, Donkor & Owusu-Frimpong, 2019), one can conclude that indirectly congruency has an impact on brand loyalty also in this regression model.

Because we are interested only in the significant results, it can be concluded that celebrity’s trustworthiness (0.293) and expertise (-0.244) have the strongest impact on consumer’s brand loyalty. With the determinant “expertise” having a negative beta coefficient, same as in the case of hypothesis 1 testing, it can be assumed that identification and feeling of belonging are reduced with higher celebrity’s expertise, hence the brand loyalty drops as well. Celebrity’s recognition has the second-largest beta value (0.215). Amongst the control variables, the highest value can be observed when consumers have a positive attitude towards advertising (0.231), and the lowest is seen with consumers that are active at least 5 times a week (0.108). This helps me conclude, that more active consumers tend to be less loyal to a certain sportswear brand. This can be explained by the fact that more active consumers have a constant need to purchase new sportswear and in the competitive landscape of sportswear products and innovations, they tend to try out the newest trends to enhance their activity and training (Euromonitor International, 2014b).  $R^2$  adjusted in this regression model is 0.378 and we can conclude that 38% of brand loyalty can be explained by these factors.

*Table 5: Multiple regression – brand loyalty – enter*

	<b>B</b>	<b>Std. Error</b>	<b>Sig.</b>
Constant	0.000	0.177	0.000
Recognition	0.215	0.020	0.000
Trustworthiness	0.293	0.041	0.000
Attractiveness	0.076	0.035	0.159
Expertise	-0.244	0.034	0.000

to be continued



Table 5: Multiple regression – brand loyalty – enter (cont.)

	<b>B</b>	<b>Std. Error</b>	<b>Sig.</b>
Congruency	0.084	0.033	0.127
Enjoys doing sports	0.030	0.033	0.529
Advertising keeps them up-to-date	0.113	0.025	0.019
Positive attitude towards advertising	0.231	0.030	0.000
Average purchase value	0.150	0.000	0.000
Monthly income above 2000 EUR net	0.109	0.049	0.010
Physical activity at least 5x per week	0.108	0.060	0.016
Gender	-0.056	0.054	0.216
Believes truth in advertising	0.086	0.055	0.068
Likes watching sports	-0.024	0.073	0.623

Source: own work.

If we combine all the celebrity endorsement determinants into a single variable, the results are slightly different. Table 6 below shows that if celebrity endorsement with all its determinants combined (recognition, trustworthiness, attractiveness, expertise, congruency) is evaluated one grade higher, brand loyalty goes up for 0.341 grade. Amongst control variables, the highest beta value can be observed when consumers have a positive attitude towards advertising (0.215) and the lowest when consumers' monthly income is above 2000 EUR net (0.089), of course excluding all insignificant variables.  $R^2$  adjusted in this regression model is 0.345 and we can conclude that 35% of brand loyalty can be explained by these factors.

Table 6: Multiple regression – brand loyalty – enter – combined

	<b>B</b>	<b>Std. Error</b>	<b>Sig.</b>
Constant	0.000	0.184	0.000
Celebrity Endorsement	0.341	0.043	0.000
Enjoys doing sports	0.029	0.034	0.546
Advertising keeps them up-to-date	0.118	0.025	0.017
Positive attitude towards advertising	0.215	0.029	0.000
Average purchase value	0.120	0.000	0.006
Monthly income above 2000 EUR net	0.089	0.050	0.040
Physical activity at least 5x per week	0.113	0.061	0.014
Gender	-0.024	0.053	0.594
Believes truth in advertising	0.047	0.057	0.333
Likes watching sports	0.017	0.073	0.729

Source: own work.

## Appendix 5: Questionnaire

Dear participant,

Thank you for your willingness to participate in this survey for my master’s thesis. The topic that I am researching is “The impact of celebrity endorsement on consumer purchase intent, brand quality perception, and brand loyalty: example of sporting goods”. The following questionnaire should take 8-10 minutes. Your answers will be kept anonymous and will only be used to represent the general perception of the population. Thank you, Janža Vidoni

### Questions about advertising perception and celebrity endorsement in general

1. What is your point of view and behavior towards advertising and celebrities (athletes, musicians, actors, designers, artists, etc.) – to what extent do you agree with the following statements?

	Disagree	Somewhat disagree	Neither agree or disagree	Somewhat agree	Agree
In general, my attitude toward advertising is positive	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I think celebrity endorsement makes the product more desirable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Advertising helps me keep up with current social trends	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I can depend on getting the truth in most advertising	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I think celebrities bring value to the brand which they endorse	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I believe there is too much advertising around me	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
When my favorite celebrity endorses a brand, this brand will likely be my first choice	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I think celebrities are good at grabbing the attention	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I think most celebrities can be trusted	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

2. How do you usually inform yourself about the latest trends in sport and fashion?
  - Magazines and newspapers
  - Social media
  - Friends and family
  - Physical stores
  - Online (blogs, vlogs, ad banners, etc.)

- Television
- Other (please specify)
- I don't care about the trends in sport and fashion

**Questions about sport and sportswear** (sportswear is also referred to as sporting goods, athletic wear, activewear, casual sportswear, or athleisure. It includes any footwear, apparel or accessories, designed for sports activity but can be also worn for everyday casualities. It also includes all items that have no specific functionalities, but the design is inspired by sportswear, e.g. sneakers)

3. To what extent do you agree with the following statements?

	Disagree	Somewhat disagree	Neither agree or disagree	Somewhat agree	Agree
I care about the latest trends in sportswear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I care about quality in the sportswear products	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I feel loyal to sportswear brands endorsed by my favorite celebrity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am willing to pay a higher price for the sportswear brands I like	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sportswear brands I usually buy from are reliable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
When I'm happy with the product from a certain sportswear brand, I recommend it to my friends	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

4. Evaluate your perception of sport on a scale from 1 (not at all) to 5 (very much).

I enjoy watching sports 1-2-3-4-5

I enjoy participating in sport (team or individual) 1-2-3-4-5

I am interested in athletes' outfits and equipment 1-2-3-4-5

I only care about athlete's sporting performance 1-2-3-4-5

**Now think of your last purchase of sportswear**

5. What item(s) did you purchase? (multiple answers possible)

- Sport shoes (for particular sport)
- Leisure shoes (sneakers)
- Sports apparel (for particular sport)
- Leisure apparel (sport-inspired design)
- Accessories (socks, gloves, hat, backpack, etc.)

- Other (please specify)
  - I don't know
6. Who did you buy the products for?
- Male
  - Female
  - Both
  - I prefer not to say
7. What was the value of the purchase?
- Less than €20
  - €20-€50
  - €50-€100
  - €100-€200
  - €200-400
  - more than 400
8. Did you see any of the sportswear you bought, advertised before your purchase?
- Yes
  - No
  - I don't know
9. Where was it advertised? (multiple answers possible)
- Social media
  - Internet browser
  - Mobile application
  - Television
  - Magazines and newspapers
  - Billboard or digital screen outside
  - Other (please specify)
10. Did the ad feature a celebrity or a person that is well-known to the public?
- Yes
  - No
  - I don't know
11. Who was the celebrity featured in the ad?
- \_\_\_\_\_ (please specify)
  - I don't know
12. Did the celebrity make you interested in the product?

- Yes
- No
- I don't know

13. Would you consider buying the same brand the next time?

- Yes
- No
- I don't know

14. To what extent do you agree with the following statements regarding the product(s) from your most recent purchase?

	Disagree	Somewhat disagree	Neither agree or disagree	Somewhat agree	Agree
I feel happy that I bought it	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It is poorly made	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Next time, I will look at other brands before buying this one again	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It is high quality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It is reliable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Take a look at the 4 pictures below and answer the questions below**

Picture 1 – female Picture 1 – male



15. After seeing the picture 1 (2,3,4), which of the below statements describes your thoughts best (multiple answers possible):

- I am encouraged to buy the product on the picture
- I like the brand more now
- I perceive this brand as a high-quality one
- I tend to ignore it
- I am thinking “not yet another endorsement”
- Other (please specify)

16. After seeing the picture 1, to what extent do you agree with the following statements?

	Disagree	Somewhat disagree	Neither agree or disagree	Somewhat agree	Agree
I recognize the celebrity in the add	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This celebrity is endorsing products and brands that are relevant to him/her	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I think this celebrity adds value to the endorsed brand	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
If this product is available, I would not consider buying a different one	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I think this celebrity is endorsing these products only to make money	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I think this celebrity is using these products even when not contractually obliged to	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I think this celebrity wouldn't risk his/her name by endorsing a bad product, so I think this product is high quality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The celebrity did not change my perception of the brand	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Celebrity on the picture drew my attention more than a non-celebrity would	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I would buy this brand anytime	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

17. After seeing the picture 1, how do you evaluate a celebrity's credibility, expertise, and attractiveness on the scale from 1-5?

Dishonest	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Honest
Not trustworthy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Trustworthy
Not expert	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Expert
Unknowledgeable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Knowledgeable
Unattractive	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Attractive
Plain	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Elegant

Picture 2 – female



Picture 2 – male



Picture 3 – female Picture 3 – male



Picture 4 – female Picture 4 – male



18. When you're purchasing sportswear, how important are the below elements? 1= not at all, 5=very much.

- Price
- Good value for money:
- Product quality:
- Advertising of the product:
- Expert recommendation:
- Brand:
- Celebrity recommendation:
- Product functionality:
- Recommendation and opinion from friends and family:
- Your own research (blogs, articles, etc.):

19. How often do you purchase sportswear?

- Never
- Less than once a year
- Once a year
- Every 6 months
- Every 3 months
- Once a month
- More than once a month

20. How much do you spend on sportswear in a year on average?

- Less than €50
- €50-€100
- €100-€200
- €200-400
- €400-€600



- More than €600
21. Where do you most often purchase your sportswear?
- Online
  - Brand retail store (one brand only e.g. Nike, Adidas, Puma, H&M, etc.)
  - Wholesale retail store (multi-brand e.g. Intersport, Hervis, Decathlon, Sports Direct, etc.)
  - Second hand
  - Other
22. Gender
- Male
  - Female
  - Other (please specify):
  - I prefer not to share
23. Age group
- Below 18
  - 18-24
  - 25-34
  - 35-44
  - 45-54
  - 55 and above
24. What is your net monthly income?
- Under €500
  - €500 – €1000
  - €1001 – €1500
  - €1501 – €3000
  - €3001 and above
25. What is your current country of residence?
- Please specify:
26. What is your education level?
- Middle school
  - High school graduate
  - University/college graduate
  - Masters degree graduate or higher (Ph.D., MD, etc.)

27. How often do you practice physical activity (e.g. team or individual sports, gym, hiking, etc.)

- Every day
- Often (3-5 times a week)
- Occasionally (3-5 times a month)
- Sometimes (3-5 times a year)
- Rarely (less than 3 times a year)