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The Moderating Impact of Celebrity Endorsement on the Relationship between the Consumers' Perceptions of Brand, and their Attitudes toward its Extensions

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□ ABSTRACT □

A survey was conducted on 220 students in the major Syrian universities in August 2016 in order to examine the moderating impact of celebrity endorsement on the relation between parent brand equity, trust, perceived quality and customers' attitudes toward brand extensions. One hundred and ten students were asked to evaluate a chosen brand in terms of its equity, quality, and trust, then they were exposed to three ads of fictitious extensions (low, medium, and high fit between the parent brand and the extensions) thereafter, their attitudes to the extensions were measured. The previous scenario was repeated with the endorsement of selected celebrities. Testing the moderating impact shows when the fit was low and moderate, the use of credible celebrities as endorsers has increased the impact of parent brand trust, perceived quality, and equity in customers' attitude toward extensions. The current research may represent one of the first efforts in marketing literature to explain the moderating impact of endorsement.

Keywords: Brand equity, Brand trust, Perceived quality, Attitudes toward extensions, Celebrity endorsement.

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الأثر المُعدّل لمُصادقة المشاهير على العلاقة بين إدراك المستهلكين للعلامة التجارية واتجاهاتهم نحو امتدادها

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□ ملخص □

جمع الباحث بيانات من 220 طالباً من جامعات سورية كبرى خلال شهر آب من العام 2016 لدراسة الأثر المُعدّل لمُصادقة المشاهير على العلاقة بين القيمة والثقة والجودة المدركة للعلامة التجارية من جهة واتجاهات المستهلكين نحو امتدادها من جهة أخرى. قِيمَ مائة وعشرة طالب القيمة والثقة والجودة المدركة لعلامة تجارية محددة هي Apple، ثم عُرضَ عليهم إعلانات مطبوعة لثلاثة امتدادات وهمية للعلامة التجارية Apple مُصممة لغاية البحث (احدها متلائم بشكل منخفض مع العلامة التجارية الأم، والثاني متوسط، والثالث تلائمه مرتفع)، ثم قِيمَست اتجاهاتهم نحو كل من هذه الامتدادات. كُرِّرَ نفس السيناريو السابق ولكن مع مصادقة مشاهير محددين على إعلانات هذه الامتدادات. يُظهر اختبار الأثر المعدل بأنه عندما كان مستوى التلاؤم بين الامتداد والعلامة التجارية الأم منخفضاً ومتوسطاً، زاد استخدام المشاهير من تأثير كل من الثقة بالعلامة التجارية الأم، وجودتها المدركة، وقيمتها على اتجاهات المستهلكين نحو امتدادها. قد يمثل البحث الحالي على حد علم الباحث واحداً من الجهود الأولى في التسويق لشرح الأثر المعدل لمُصادقة المشاهير.

الكلمات المفتاحية: قيمة العلامة التجارية، الثقة بالعلامة التجارية، الجودة المدركة، اتجاهات نحو امتداد العلامة التجارية، مصادقة المشاهير على الإعلانات.

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Introduction:

The financial risk of entering new markets has become formidable to any consumer product manufacturers. Innovations can be very expensive and very risky. New products face tough odds. According to one estimate, 67% of all new products introduced by established companies fail. For new companies, the failure rate soars to 90%. Each year, companies lose an estimated \$ 260 billion on failed new products[1];[2].

The costs of launching new products have become huge, in part because of the dramatic increase in media costs, structure and tools, the more extensive and aggressive use of integrated marketing communications tools by established firms, and the cost and difficulty of obtaining distribution channels.

Consequently, firms are using established brand names to facilitate the entering of new markets, which is called brand extension strategy, whereby a current brand name is used to enter a completely different product class (e.g., HP smart phones, Boeing clothes). The strategy of introducing new products as extensions has become widespread,

Research importance and objectives:

The basic objective of this research is to examine the moderating impact of celebrity endorsement on the relationship between the consumers' perception of a parent brand (trust, equity, and quality) and their attitudes toward the its extension.

Research importance:

This research presents one of the first efforts toward understanding the moderating impact of celebrity endorsement. Specifically, by identifying the moderating role of celebrity endorsement in the relation between parent brand equity, trust, and quality from the first side, and the consumers' attitudes toward the extension, figure (1) represents the theoretical framework of the research.

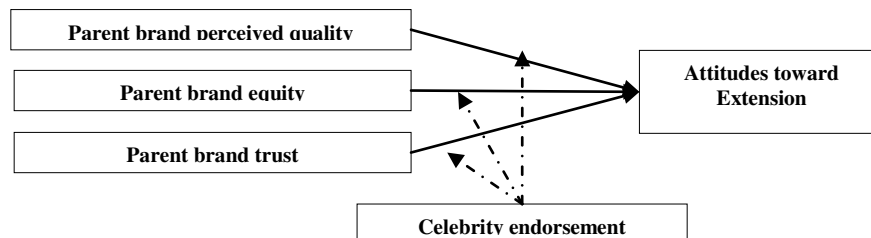


Figure (1): The theoretical framework of the research

Brand extension:

Tauber (1988) defined brand extension strategy as “using a brand in one category to introduce products in a totally different category” [3]. Firms that face the reality of high new product failure rates find brand extensions strategies attractive, because it provides a way to take advantage of brand name recognition and image to enter new markets [4]. The success of a brand extension depends on the assumptions that consumers have positive associations and favorable attitudes toward the parent brand, these positive associations facilitate the formation of positive beliefs and favorable attitudes toward the extension [4]

Celebrity endorsement:

Celebrity endorsement (CE) is a highly effective strategy to gain consumer interests and brand loyalty in a cluttered marketplace[5], most endorsement studies depend on the elaboration likelihood model (ELM)[6], where celebrity's attributes would receive either

elaborate or heuristic processing depending on the attributes' perceived relevance to the consumers' decision making [7]. CE provides consumers with a degree of confidence in advertising messages, raising the level of acceptance, and exerting a positive impact on attitude and behavior, because consumers perceive celebrity endorsers as credible spoke persons or opinion experts in the brands they endorse [5]. Consumers may associate the endorsed brand extension with positive evaluations based on their positive attitudes toward the celebrity, and they would like to imitate the favorable celebrities.

Advertisement of extension:

Consumer's attitude toward brand extensions depends on the marketing support given to extension products [8]. Advertising of extensions announces the existence of the extension product, evokes positive brand associations, and strengthens the brand's image [9]. Viewers of an advertised brand extension will perceive a better image of the corresponding brand than those who are not exposed to any kind of communication of the brand extension [10].

Moreover, Bridges et al. (2000) found that advertisements positively affect perceived fit between a parent brand and its extension, eventually resulting in better image of the extension brand [22]. Furthermore, advertising is an important determinant of extension acceptance [11]. An advertisement can invoke the brand's associations that differentiate the brand and make it valuable to consumers, along with a depiction of the extension product itself [12]. Parent brand awareness, features, benefits, mental images, beliefs, feelings, trends, and experiences transfer to its extension [13] by advertising and other communications tools.

Brand Trust:

Trust has been greatly discussed and treated from scholars in several disciplines such as psychology, sociology, economics, business, as well as marketing, and this multidisciplinary interest has added enrichment to this concept, but has also made it hard to consolidate the various perspectives on trust and to find a consensus on its nature [14]. Chaudhuri and Holbrook (2001) defined brand trust as: "the willingness of the average consumer to rely on the ability of a brand to perform its stated function" [15]. Therefore, trusting a brand implicitly means that there is a high probability or expectancy that the brand will result in positive outcomes for the consumer [14]. Several researchers conclude that a higher degree of consumers' trust leads to a higher degree of consumers buying intentions [15]; [16].

Consumers rely on a parent brand trust worthiness in their evaluation and usage of its extension, especially when there is a high level of risk associated with the purchase [17]. Keller and Aaker (1992) study found a significant association between company credibility and brand extension acceptance [18]. Thereafter, many researchers found that brand trust is significantly related to brand extension acceptance [8]. The researcher postulates that when consumers have doubts about a new product, acceptable endorser will raise their positive attitudes toward the extension. Therefore, the researcher proposes the first hypothesis:

H1: The positive impact of brand's trust on consumer attitudes toward brand extension will increase when a credible celebrity endorses the extension.

Perceived quality:

Quality might be the most important factor underlying the long-term success of products and firms [19]. Perceived quality can be defined as the consumer's judgment about a product's overall excellence or superiority [20]. Customers' perceptions of quality drive preferences, and consequently customers' satisfaction, loyalty, sales, and firm's profitability [20].

The early researchers who discussed the perceived quality concept have distinguished between objective and perceived quality. Zeithaml (1988) stated that perceived product quality is a global assessment characterized by a high abstraction level and refers to a specific consumption setting [20], while Monroe and Krishnan (1985) stated that objective quality is an actual technical excellence of the product that can be verified and measured [35].

When a brand is associated with high quality, reliability and value, its extension will gain positive brand associations [21]. Brands with high-perceived quality keep following extension strategies to reduce the perceived risk in buying its extensions and to encourage the purchase and experience [23]. Several researches found a direct impact of perceived quality on purchase intentions [24]. Moreover, numerous studies have concluded positive impacts of parent brand perceived quality on consumer attitudes towards the extension. e.g. [25]; [8]. The researcher thinks customers' attitudes toward an extension will be more positively affected by the parent brand perceived quality when a celebrity endorses the extension. Therefore, the researcher proposes the second hypothesis:

H2: The positive impact of parent brand's perceived quality on consumer attitudes toward brand extension will increase when a credible celebrity endorses the extension.

Brand Equity:

Brand equity (BE) has been defined as "a set of brand assets and liabilities linked to a brand, its name and symbol that add to or subtract from the value provided by a product or service to a firm and/or to that firm's customers [26]. Later, Keller (1993) defined it as the differential effect of brand knowledge on the consumer response to the marketing of the brand [34]. Brand extension researches have focused on several dimensions of brand equity. A study found a partial positive impact of brand equity on customers' attitudes to extension [27], another one found brand associations were important for evaluation of brand extensions [28], and Hem and Iversen (2003) found a partial positive impact of brand equity on customers attitudes to extension [29]. The researcher thinks customers' attitudes toward an extension will be more positively affected by parent brand equity when a celebrity endorses the extension. Therefore, the researcher proposes the final hypothesis:

H3: The positive impact of parent brand equity on consumer attitudes toward brand extension will increase when a credible celebrity endorses the extension.

Research methodology:

Parent brand selection: The researcher has chosen Apple as a parent brand because it matches many proposed criteria by Aaker and Keller (1990) like a brand should be suitable for subjects, has high quality, good reputation, well-known and familiar to help in creating realistic extensions [4]. These criteria have been followed by most of relevant studies.

Extensions selection: The researcher conducted an exploratory study to control the impact of celebrity credibility, and perceived fit of the extension with the parent brand. Firstly, perceived fit of the extension has been controlled by asking 30 respondents (47% male, age mean= 20 years) to rate several products according to its fit to the parent brand Apple, (very inconvenient=1, very convenient=7). The most convenient was a self-moving camera ($\bar{M}=6/7$), the moderately fit was a coffee maker ($\bar{M}=4/7$), and the low fit was sporty clothes ($\bar{M}=2/7$).

Furthermore, to control the impact of appropriate/inappropriate endorsers, respondents rated several celebrities in terms of their credibility to endorse the proposed extensions (very credible= 7, totally incredible= 1). The most credible celebrity for self-

moving camera was football star Cristiano Ronaldo ($\bar{M} = 6/7$), Hollywood star Brad Pitt for the coffee maker ($\bar{M}=6/7$), and Maria Sharapova with Rafael Nadal⁽¹⁾ for sporty clothes ($\bar{M}= 5/7$).

Sample and procedure: Universities' students are suitable for this kind of studies because they are more homogenous in some demographic aspects and features [30], which allow more accurate predictions and provide a strongest test of theories [31]. In addition to, university students are highly interested in a brand name like Apple, and they have rich memories and information about it. One hundred and ten students from Damascus and IUST universities (43% male, 47% female) who own an Apple's ⁽²⁾ product have been firstly asked to evaluate the parent brand (Apple), then to evaluate three probable and fictitious extensions⁽³⁾ (*iCamera*: self-moving camera, *iCoffee*: coffee maker, and *iSport*: sporty clothes) shown in three advertisement without endorsement (Appendix I). Posteriorly, the previous scenario was repeated with another group of Damascus and IUST students (110; 47% male, 43 female), they also own an Apple's product and have been asked to evaluate the parent brand Apple. The second group of respondents were asked to evaluate the same previous probable extensions (*iCamera*, *iCoffee*, and *i Sport*) shown in three advertisements that endorsed by three celebrities, respectively; Cristiano Ronaldo, Brad Pitt, and Maria Sharapova with Rafael Nadal (Appendix II).

Measurement and scales: All variables used in the current study were measured with multi item scales (as seen in tables 1). The response format consisted of a 7-point Likert scale ranging from 1 (Completely disagree) to 7 (Completely agree). Parent brand perceived quality was measured by five items [32], parent brand equity was measured by four items [33], parent brand trust was measured by six items [15], and attitudes toward extension were measured by 6 items [4]. The final factor analysis solution, with 21 items measuring four factors, accounted for approximately 65.3 percent of the total variance. Cronbach's Alpha ranged between 0.80 and 0.89 as seen in table (1).

Table (1): The scales of the variables.⁽⁴⁾

Variables and scales	Cronbach's α	Item loads
Parent brand equity	0.89	
It makes sense to buy Apple products instead of any other brand, even if they are the same.		0.77
Even if another brand has same features as Apple products, I would prefer to buy Apple products.		0.76
If there is another brand as good as Apple products, I prefer to buy Apple products		0.72
If another brand is not different from in any way, it seems smarter to purchase Apple products.		0.71
Parent brand trust	0.80	
I trust this brand		0.81
I rely on this brand		0.79
This is an honest brand		0.78

⁽¹⁾ Maria Sharapova and Rafael Nadal have been chosen and merged in one clothes ad to fit with male and female subjects.

⁽²⁾ Subjects must have an Apple product at least, so, they probably know more about Apple, and experienced it, which allow them to evaluate it more precisely.

⁽³⁾ Apple's extension and advertisement are fictitious that designed by the researcher for the purposes of the current study.

⁽⁴⁾ The questionnaires were presented in Arabic (Damascus university) and English (IUST) versions

I feel confidence in.....	0.77
Apple is a brand name that never disappoints me	0.76
Apple offer me new products I may need	0.71
Parent brand perceived quality	0.81
Apple products will be reliable	0.83
Apple products appear to be of quality	0.87
Apple products appear to be durable	0.81
Apple products appear to be dependable	0.80
I view Apple brand name positively	0.82
Consumers' attitudes toward extension ^(†)	0.82
I think thatwill be good.	0.77
I think that video camera will be of high quality compared to other brands with video cameras.	0.71
It's good for Apple to produce	0.75
If I decide to buy a, it is possible to buy a	0.76
I think I would love	0.72
I support introducingby Apple.	0.73

†: Each group of respondents has received three possible extensions.

Findings:

It seems from table (2) and figure (2) that the impact of parent brand trust on customers' attitudes toward the extensions has increased when the extensions have been endorsed by celebrities in comparison with no endorsement. The impact without endorsement was $R^2 = 10, 21^*, 54^{**}$ (Low, moderate, and high fit respectively), while it was with endorsed ads; $R^2 = 25^*, 41^{**}, 56^{**}$ (Low, moderate, and high fit respectively), and means differences (low/low, moderate/moderate, high/high) were significant at 0.01 and 0.05 levels. The previous results indicate that when the fit was low and moderate, the use of endorsers has increased the impact of parent brand trust on customers' attitude toward extensions. Consequently, **H1** is accepted.

Table (2): Correlation between parent brand trust, equity, perceived quality and consumers' attitudes toward extensions (R^2 values).

Parent brand	Without Endorsement			With Endorsement		
	Low fit	Moderate	High	Low fit	Moderate	High
Trust	10	21 [*]	54 ^{**}	25 ^{**}	41 ^{**}	56 ^{**}
Perceived quality	11	13	59 ^{**}	20 [*]	31 ^{**}	61 ^{**}
Brand equity	9	16 [*]	51 ^{**}	23 [*]	47 ^{**}	50 ^{**}
n	110	110	110	110	110	110

(*) Significant at 0.05, (**) significant at 0.01.

Male 50%

Furthermore, it seems from table (2) and figure (3) that the impact of parent brand perceived quality in customers' attitudes toward the extensions has increased when the extensions have been endorsed by celebrities in comparison with no endorsement. The impact without endorsement was; $R^2 = 11, 13, 59^{**}$ (Low, moderate, and high fit respectively), while it was with endorsed ads: $R^2 = 20^*, 31^{**}, 61^{**}$ (Low, moderate, and high fit respectively), and means differences (low/low, moderate/moderate, high/high) were significant at 0.01 and 0.05 levels. The previous results indicate that when the fit was low

and moderate, the use of endorsers has increased the impact of parent brand perceived quality on customers' attitude toward extensions, which leads to accept **H2**.

Finally, table (2) and figure (4) show that the impact of parent brand equity on customers' attitudes toward the extensions has increased when the extensions have been endorsed by celebrities. The impact without endorsement was $R^2 = 9, 16, 51^{**}$ (Low, moderate, and high fit respectively), while it was with endorsement $R^2 = 23, 47^{**}, 50^{**}$ (Low, moderate, and high fit respectively), and means differences (low/low, moderate/moderate, high/high) were significant at 0.01 and 0.05 levels which indicates that the use of endorsers has increased the impact of parent brand equity in customers' attitude toward extensions when the fit was low and moderate. Consequently, **H3** is accepted.

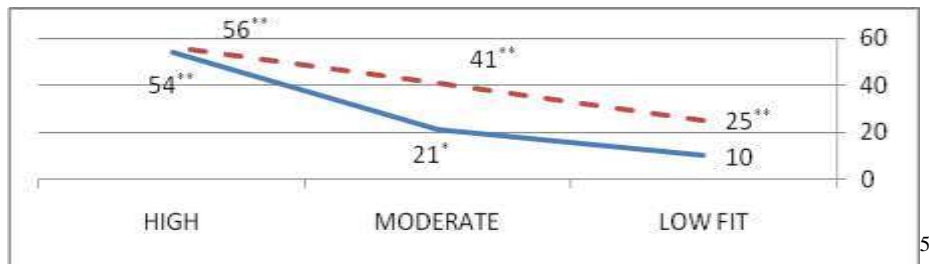


Figure (2): The moderating impact of endorsement in the relationship between parent brand trust and attitudes toward extension

(†): The R^2 values between parent brand trust and attitudes toward extension.

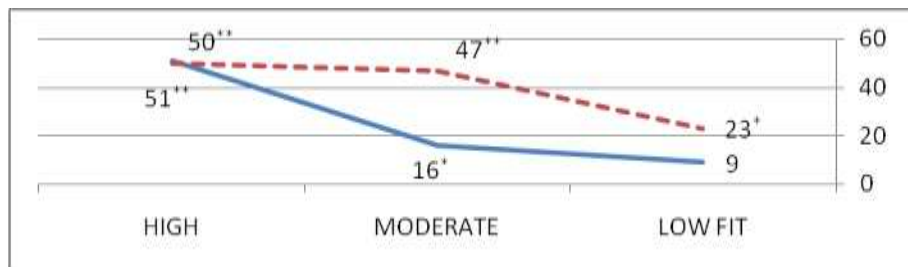


Figure (3): The moderating impact of endorsement in the relationship between parent brand equity and attitudes toward extension

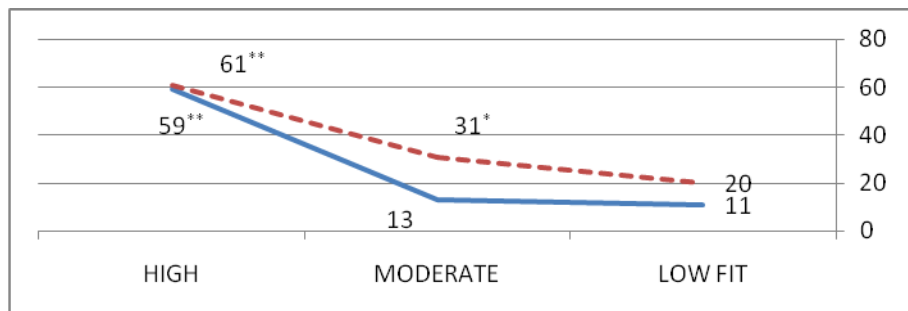


Figure (4): The moderating impact of endorsement in the relationship between parent brand perceived quality and attitudes toward extension

Conclusion:

Since several previous studies have separately dealt with celebrities endorsement and brand extension, the present study tries to examine the impact of the endorsement in the relation between parent brand equity, quality, and trust from the first side, and customers attitudes toward the extension from the other side. This research may present one of the first efforts toward understanding the above-mentioned relations.

The previous results indicate that when the fit was low and moderate, the use of credible celebrities as endorsers has increased the impact of parent brand trust, perceived quality, and equity in customers' attitude toward extensions. An explanation could be CE provides consumers with a degree of confidence in advertising messages of extensions, raising the level of acceptance, and exerting a positive impact on attitude and behavior, because consumers perceive celebrity endorsers as credible spokespersons or opinion experts in the brands they endorse [5]. Customers usually associate high level of risks with new extensions, especially when the fit is low and moderate. Although, credible and favorable endorsers could reduce perceived risks accompanying with low and moderate fit (Apple fit with coffee maker and sporty clothes), but in high fit situations, customers already have perceived the extension acceptable with minimum associated risks.

Practical Implications:

Results from this study have some important practical implications and it will help marketers to devise strategies to increase the success rate of new brand extensions. Firstly, firms can depend on their brands trust, quality, and equity in launching acceptable new extensions that have low and moderate level of fit with the parent brand. However, brand extension strategy is unavailable for untrusted, low quality, and low equity brands. Furthermore, the researcher suggests utilizing credible endorsers while introducing new brand extensions, since appropriate endorsers may add more trustworthiness and acceptance to new low and moderate fit extensions.

Research limitations:

Uncontrolled gender of celebrities and respondents is the most crucial limitation of this research. In addition to, subjects restriction from universities represents another primary limitation of the present study. Other Syrian segments, and cities may have different attitudes toward extensions, cross-cultural studies are also needed to validate the findings. Furthermore, the scope of generalizability is limited to the selected durable and semi-durable extended products. Future research is strongly encouraged to test the previous hypotheses for other durable and non-durable goods and services.

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Appendix I: Apple's extensions without endorsement

Low fit: *iSporty*



Moderate fit: *iCoffee*



High fit: *iCamera*



Appendix II: Apple's extensions with endorsement

Low fit: *iSporty*



Moderate fit: *iCoffee*



High fit: *iCamera*

