Impact of Celebrity Endorsement and Reference Group on Customer Purchase Intention for Non-durable Goods

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Abstract: Consumer purchasing behaviour is impacted by a range of factors that must be identified. This study's main goal was to investigate how reference groups and celebrity endorsements affect consumers' choices for non-durable goods. Reference groups and celebrity endorsements both have a significant impact on how consumers choose products. The study's population encompassed customers from different age groups and sectors, including students, homemakers, bankers, teachers, and professionals in various fields. A total of 430 respondents received self-administered questionnaires through convenient sampling techniques, and 400 completed questionnaires were collected. The study's findings indicated that the reference group is a potent factor with a significant influence on consumer buying decisions, while the correlation between celebrity endorsements and consumer purchasing decisions was found to be weak.

Keywords: Celebrity Endorsement, Reference Group, Consumer Purchase Intention and Non-durable Goods.

Introduction

Consumer behavior encompasses the examination of individuals' purchasing habits, including what, when, and why they make purchases (Tyagi & Arora, 2018). It describes the decision-making process and actions people take when deciding whether to buy, use, or discard goods and services (Louden & Bitta, 2002). Consumer purchasing decisions are influenced by the extent to which an organization's marketing aligns with market demand. Consequently, the marketing department should prioritize comprehending consumer needs and preferences, and subsequently translate them into high-quality products that meet those requirements. As such, marketing revolves around consumers, as they assume three important roles: users, payers, and buyers (Mashao & Sukdeo, 2018). Marketers should also be alert and aware of different consumers' decisions because purchase decisions for soap, a television, and a vehicle are different (Thangasamy & Pakitar, 2014).

Statement of the Problem

Studying consumer behavior allows marketers to gain insights into and anticipate consumers' purchasing patterns in the market, making it an essential area of study. According to research, different purchasers use items differently, have varying price sensitivity, have different emotional attachments to them, and have different reasons for buying the same thing (Brosekhan & Velayutham, 2013). Customers have higher expectations and are becoming more demanding in today's dynamic and competitive business environment (Alsmadi, 2006). The purchasing decisions of buyers are influenced by a range of factors, contingent upon their specific needs and preferences. Consequently, marketers must identify these factors to formulate effective marketing strategies.
The Nepalese context lacks extensive research in the field of marketing, particularly in consumer behavior. This scarcity of academic research studies in marketing and consumer behavior is evident. Few studies have examined different facets of marketing in Nepal, including consumer behavior. Shrestha (2019), for instance, used structural equation modeling to evaluate how celebrity endorsement affects consumers’ willingness to buy. In the fast-moving consumer products industry in Kathmandu, Pokharel and Pradhan (2017) performed study on the impact of celebrity endorsement on consumers’ purchasing decisions. Their research showed a strong correlation between celebrity traits and FMCG product purchase intentions, with brand being the most potent influence on consumer purchasing decisions. Thapa (2016) showed a positive impact of television advertisements on Nepalese children, and it also helps to enhance the knowledge of children. However, the researcher also argued that television advertisements highly influence children, and as a result, there could be a negative impact on the children, and they may insist on buying advertised products which may create conflict between the children and the parents. Based on the research issue, the following questions are being raised for this research.

- Which factors play a role in shaping consumer purchasing decisions?
- Do reference group and celebrity endorsement impact on buying decisions of the consumers?
- Does academic qualification moderate buying decisions of consumers?

**Research Objectives**

The following objectives are the focus of the study:

- To research non-durable goods customer purchase habits.
- To examine how customer purchasing decisions for non-durable goods are affected by celebrity endorsement and reference groups.
- To evaluate the impact of celebrity endorsement and reference groups on Nepalese consumers’ purchasing decisions, with academic credentials acting as a moderator.

**Conceptual Framework**

![Figure 1: Conceptual Framework.](image-url)
Hypothesis
The conceptual framework and research topic have led to the following hypotheses being formed for the proposed study: H1: Celebrity endorsement influences consumer purchasing decisions favourably. H2: Consumer purchasing decisions are influenced favourably by reference groups. H3: Academic accomplishments have a big impact on what people buy.

Study Limitation
The study's main focus is on how consumer purchase behavior for non-durable goods in Nepal is affected by the influence of the reference group and celebrity endorsement. The respondents were also selected from the Kathmandu Valley. non-durable commodities like soap, toothpaste, tea, etc. Based on data collected from self-administered questionnaires among the chosen respondents, the study was conducted. For the study, convenience sampling was employed.

Review of Literature
Consumer behavior encompasses the cognitive and emotional processes, as well as the observable actions exhibited by individuals when they search for, purchase, and engage with a product. It involves examining the how, what, when, and why behind people's buying decisions (Tyagi & Arora, 2018). In accordance with their purchase intentions, celebrity endorsement significantly influences consumer brand loyalty, according to Subbiah and Sathish (2020), Gupta, Kishore, and Verma (2015), Pokharel and Pradhan (2017), and Gauns, Pillai, and Kamat (2017). According to Saha and Shakib (2018), celebrities' physical appeal, dependability, and domain knowledge have a discernible influence on consumers' views and purchasing inclinations.

However, Mahana, Mehta, Shaikh, Ali, and Shah (2019) stressed the importance of celebrity endorsement in raising consumer awareness while finding no evidence of a direct impact on consumer purchasing behavior. Kumar (2017), Chan, Ng, and Luk (2016), and Malik and Qureshi (2016) concluded that celebrity endorsement encourages the purchase of cold drinks, attracts customers, influences buying decisions, enhances brand visibility, and provides informative content.

Regarding different age groups, Jin and Punpanich (2011) and Kumar and Singh (2015) discovered varying perceptions of trustworthy and likable celebrities. Shukre and Dugar (2013) argued that respondents prefer celebrities in FMCG product advertisements. Yang, He, and Lee (2007), Chaudhary (2018), and Sai and Rao (2019) found that reference groups have an influence on buyers’ purchase decisions.

Celebrity Endorsement
Celebrity endorsement is an important promotional strategy that is essential to attaining organizational goals and strategies in the field of marketing, especially advertising. A celebrity, as defined by Kaur &
Garg (2016), is an individual with a notable profile who garners public recognition and possesses the ability to captivate the public to some degree through media in a specific field. Celebrity endorsement is dominant in FMCG industry. Celebrities make the marketers successful by promoting their product with endorsement and consumers have become concerned towards the product (Randhawa & Khan, 2014). Abhisek & Sahey, 2013; Anjum et.al, 2012 stated the belief of advertisers that celebrities can draw a greater attention and appeal to the consumers which effect positively on them and help to recall the messages to the target customers.

Celebrity endorsed advertisements have high degree of relief and sense of appeal than advertisements with non-celebrity. It is reliable and recall the brand and can impact the demand for the product positively (Anjum et al., 2012). Khan (2014) suggested that customer attitudes toward purchases are affected by product quality.

The effectiveness of advertisements can be greatly influenced by the credibility and attractiveness of celebrities. There exists a strong correlation between the appearance, association, and credibility of celebrities in advertisements. While celebrities can capture the attention of customers, their involvement can also have negative repercussions for them (Mberia, 2014).

Physical attractiveness and credibility of the celebrity could be push factor to purchase the product. Consumers are aware and influenced by media and they are attracted towards celebrity endorsed product. Celebrity endorsement may attract the most consumers so it can be taken as a powerful marketing tool. Consumers are attracted towards celebrity endorsed product positively and think it as reliable compared to non-celebrity endorsed advertisements. The marketers must be aware and alert with the image of celebrities also, while choosing because that could impact negatively if celebrities are disliked by the customers.

**Reference Group**

A reference group consists of individuals or a collective, such as peers, siblings, parents, and celebrities, who have the ability to influence consumers. A reference group is social group with whom individual persons compare themselves (Bearden & Etzel, 1982). Individuals follow the value and attitude of reference group as the basis for their behavior (Schiffman & Kanuk, 2007).

Attitude is an essential factor of individual person’s behavior which affects consumer purchase behavior. Consumers consider other’s attitude while choosing a particular product (Nahdi, Ghazzawi & Bakar, 2015).

Consumers are influenced by their friends, who can put pressure on them intentionally or unintentionally to purchase product and they follow their friends' preferences even they want different choice (Polek, 2014). Gillani (2012) stated that the consumers could be affected by the agreement of reference group. Customers consult with reference group such as peer group, friends, family for the views and opinions about the product but take own decision to purchase products.
Academic Qualification

In order to modify consumer purchasing behavior, education is essential for increasing customer awareness and attention to items. Specifically, individuals with a higher level of education demonstrate a concern for their country of origin when making purchases (Vilcekova & Sabo, 2013). Additionally, respondents' education and monthly income exhibit a significant relationship with their inclination towards impulse buying (Rana & Tirthani, 2012). Numerous demographic factors, including as age, gender, and marital status, income level, education, occupation, and social class have a significant impact on customer decision-making. (Creusen, 2010; Kim & Kim, 2004; Kotler, 2003; Wijesundera & Abeysekera, 2010). Moreover, education has an influence on the purchase behavior of luxury brands (Shrinivasan et al., 2014).

Consumer Goods

Consumer goods are made for long-lasting purposes, typically longer than three years of life. Armstrong and Zhou (2010) argue that it consists of household goods, cosmetics, plastic products, cleaning products, cosmetics, cleaning supplies, electronic goods, and glassware.

Non-durable Goods

Products that are consumed or used up quickly, usually in less than three years, are referred to as non-durable goods. This category encompasses fast-moving consumer goods, including cosmetics, cleaning products, medication, paper products, clothing, textiles, and more (Avery, 1996). In an economy, non-durable goods are either consumed in a single use or depleted over a brief timeframe (United States Bureau of Economic Analysis, 2020; Schfield, n.d.).

Research Methodology

This research utilized a descriptive and causal research design. The study focused on consumers of durable goods in Kathmandu City, with a sample size of 400 respondents selected through non-probability convenient sampling (Saunders, Lewis & Thornhill, 2005). Data on the variables impacting customer purchasing decisions were gathered using a standardized questionnaire using a five-point Likert scale. The data collected were primarily quantitative, obtained from individual consumers purchasing products for personal needs.

Demographic information on the respondents revealed that 53 percent were male and 47 percent were female. Among the age groups, 50 percent fell within the 21-30 years range, while 24 percent were aged between 31-40 years. The majority of the respondents held Master's degrees (50 percent), followed by Bachelor's degree holders (40 percent). In terms of income level, 30.5 percent of respondents fell within the range of Rs. 21,000 to 30,000, with only 14 percent having an income level of Rs. 41,000 to 50,000.
The majority of respondents were employed in the service sector (62 percent), while homemakers constituted only 3.25 percent of the sample.

To verify internal consistency, reliability testing was done (George & Mallory, 2009). The data were summarized using descriptive statistics, correlations between variables were evaluated using correlation analysis, and hypotheses were tested using regression analysis to check the causation.

**Results and Discussion**

**Reliability analysis**

In order to ensure internal consistency, reliability is performed (George & Malley, 2009; Nunally & Bernstein, 1994).

Table 1: Reliability Test using Cronbach’s Alpha

<table>
<thead>
<tr>
<th>Variables</th>
<th>Cronbach’s Alpha</th>
<th>Coefficient no. of item</th>
</tr>
</thead>
<tbody>
<tr>
<td>Celebrity Endorsement</td>
<td>0.829</td>
<td>7</td>
</tr>
<tr>
<td>Reference Group</td>
<td>0.772</td>
<td>6</td>
</tr>
<tr>
<td>Consumer Purchase Decision</td>
<td>0.767</td>
<td>6</td>
</tr>
</tbody>
</table>

Table 1 shows that Cronbach’s Alpha for Celebrity endorsement, Reference group, and consumer purchase decision is above 0.7, and it is adequate to internal consistency (George & Mallery, 2009: Nunally, 1978).

**Descriptive Analysis of the Variables**

This section focused on the descriptive analysis of all the variables in this study.

Table 2: Descriptive Analysis of Constructs

<table>
<thead>
<tr>
<th>The scale of Items of Overall Constructs</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Celebrity Endorsement</td>
<td>3.65</td>
<td>0.567</td>
</tr>
<tr>
<td>Reference Group</td>
<td>3.45</td>
<td>0.558</td>
</tr>
<tr>
<td>Consumer Purchase Decision</td>
<td>3.64</td>
<td>0.540</td>
</tr>
</tbody>
</table>

Source: Field Survey

Table 2 presented the average score of each of the constructs. Celebrity endorsement reported the highest mean score, which was 3.65, and the reference group had a 3.45 mean score. The mean for consumer purchase decisions was 3.64 in a similar vein. All of the constructs had standard deviations that were less than 1. The outcome demonstrated that it has a more notable influence on customer purchase decisions.

**Correlation Coefficient Analysis**

Correlation analysis is done to determine how dependent and independent variables are related.

Table 3: Correlation Analysis

<table>
<thead>
<tr>
<th></th>
<th>CPD</th>
<th>CE</th>
<th>RG</th>
</tr>
</thead>
<tbody>
<tr>
<td>CPD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CE</td>
<td>0.228</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.000</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>RG</td>
<td>0.419</td>
<td>0.475</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>0.000</td>
<td>0.000</td>
<td>1</td>
</tr>
</tbody>
</table>

[Note: CPD = Consumer Purchase Decision; CE = Celebrity Endorsement; RG = Reference Groups]
Table 3 shows a weak correlation between celebrity endorsement and consumer purchase decision ($r=0.228$), and there is a moderate correlation between the reference group and consumer purchase decision ($r=0.419$). A moderate link between celebrity endorsement and reference groups was discovered.

**Multiple Regression Analysis**

Multiple regression analysis checks the causation between variables (Bryman & Cramer, 2001; Tabachnick & Fidell, 2001).

**Regression Analysis of Dimensions**

Table 4: *Regression Analysis*

<table>
<thead>
<tr>
<th>Coefficient Value of $B$</th>
<th>Std. Error</th>
<th>$t$-value</th>
<th>$p$-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>(constant)</td>
<td>2.323</td>
<td>0.170</td>
<td>13.65</td>
</tr>
<tr>
<td>Celebrity Endorsement</td>
<td>0.033</td>
<td>0.046</td>
<td>0.726</td>
</tr>
<tr>
<td>Reference Group</td>
<td>0.362</td>
<td>0.047</td>
<td>7.760</td>
</tr>
</tbody>
</table>

**Model 1: CPD= 2.323+0.033CE+0.362RG**

Where, CPD=Consumer Purchase Decision, CE=Celebrity Endorsement, RG= Reference Group

According to the results presented in Table 4, The F-value of 42.663 and the p-value of 0.000 show that the model exhibits statistical significance at a 5% level. This may indicate that the linear model fits the data well. The model's coefficient of determination ($R^2$) is 0.177, which indicates that the variables of celebrity endorsement and reference group may account for around 17.7% of the variation in consumer buying decisions.

A one-unit shift in celebrity endorsement results in a 0.033-unit increase in customers' decisions to buy non-durable items, according to the celebrity endorsement coefficient of 0.033. Similar to this, the reference group's coefficient, which stands at 0.362, indicates that a one-unit shift in the reference group leads to a 0.362-unit rise in consumers' decisions to buy non-durable items. Notably, every independent variable's coefficient is positive, demonstrating a positive correlation with the dependent variable.

**Hypothesis Testing**

**Hypothesis 1: There is a significant relationship between celebrity endorsement and consumer purchase decision**

p-Value of celebrity endorsement is 0.468, which is not significant at a 5% level of significance. So, hypothesis 1 is rejected.
Hypothesis 2: There is positive relationship between reference group and consumer purchase decision
p-Value of reference group is 0.000, which is significant at a 5% level of significance. So, hypothesis 2 is accepted.

H3: There is an association between Academic Qualification and consumer purchase decision
Table 5: One-way ANOVA by Academic Qualification with Consumer Purchase Decision

<table>
<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>DF</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Groups</td>
<td>2.752</td>
<td>4</td>
<td>0.688</td>
<td>1.953</td>
<td>0.101</td>
</tr>
<tr>
<td>Within Group</td>
<td>139.167</td>
<td>395</td>
<td>0.352</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>141.919</td>
<td>399</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The results shown in Table 5 indicate that the p-value for academic qualification is 0.101, which is greater than the significance threshold of 0.05. This demonstrates that academic credentials have little to no impact on customer purchase decisions. Therefore, it may be said that academic achievement has little bearing on how consumers choose to spend their money.

Conclusion
It is essential to recognize the numerous aspects that affect consumers. Examining the effects of celebrity endorsement and reference groups on customer decisions to purchase non-durable goods was the main goal of this study. The findings showed that the reference group significantly influences consumer buying decisions, while the correlation between celebrity endorsement and consumer buying decisions was weak. These results align with Khan's (2012) categorization of influencing sources, where reference groups, classified under informal sources, play a crucial role in shaping consumer purchasing decisions. Similarly, Sai and Rao (2019) highlighted the influence of referent groups during the approval-seeking and sharing phases of the consumer buying behavior.

For FMCG products, the physical appearance, presentation, attitude of celebrities, as well as the brand's image, style, personality, preferences, and suitability, are critical factors for effective celebrity endorsement (Sukre & Dugar, 2013). This aligns with Saha and Shakil's (2018) findings, which indicated a low relationship between celebrity endorsement and consumer buying decisions. Akram, Nazam, Mubean, and Rabbich (2017) also observed that consumers base their purchasing decisions on factors like price, quality consistency, and their perception of celebrities, but this does not necessarily translate into purchasing the celebrity-endorsed product.

Reference groups have a significant influence on brand choice, surpassing the roles and status of consumers in society (Chaudhary, 2018). The majority of respondents rely on the opinions and suggestions of friends and relatives when making purchasing decisions (Johar, 2015). Kumar (2014) found no significant influence of academic qualification on buying decisions for cosmetic products, which is consistent with the current study's findings. However, Awan and Abbas (2015) showed that academic achievement has a significant impact on impulsive purchasing behavior, with the phenomena
becoming more prevalent as customers' educational levels rise. Nonetheless, in the context of purchasing non-durable goods such as toothpaste, soap, shampoo, oil, and tea leaves, customers with different academic qualifications exhibit similar feelings and perceptions, suggesting that academic qualification does not moderate consumer buying behavior.

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