Perceived Risk as a Moderator in The Relationship Between Perception of Celebrity Endorsement and Purchase Intention Skincare Product in Indonesia

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Abstract

Celebrity endorser is one of the most famous marketing channels by skincare company and they are spent millions for celebrity endorsement. There are many celebrity endorsers with different credibility, according to source credibility theory stated there are 3 credibility which are expertise, attractiveness, and trustworthiness. This study examines the causal relationship between credibility endorser, brand image, perceived value, perceived quality, purchase intention and moderates by perceived risk. The context of this study is skincare product which categorized as high-risk product. The result indicates that celebrity endorser positively influences perceived value and brand image but not perceived quality. Other finding is purchase intention influenced only by perceived quality and perceived risk does not moderate perceived risk, perceived quality, brand image toward purchase intention nor to celebrity endorser.

Keywords: Celebrity Endorser, Perceived Risk, Brand Image, Perceived Value, Purchase Intention

1. Introduction

In the advent of intense competition, brands are striving to attract consumers' attention with many marketing communications strategies. One of the strategies is by using celebrities to endorse their brands to consumers. Branchik and Chowdhury (2017) note that celebrity endorsers influence the endorsed products and services with their "talent, attractiveness, trustworthiness, and success."

Research revealed that there is a positive relationship between celebrity endorsements and perceived quality (Kanungo & Pang, 1973), perceived value (Parayitam, 2020), brand image of product perceived by consumers(Gan, 2017). These factors lead to consumer's purchase intention. There are positive and direct effects among brand

image, perceived quality, perceived value, and purchase intention (Wang, 2014). According to studies (Gan, 2017) perceived value is positively influencing purchase intention. In the field of marketing, research found the construct of perceived quality also has been widely acknowledged as the primary driver of purchase intention (Jacoby and Olson, 1985) and having consistency on brand image had a positive impact on purchase intention (Yu & Lin, 2013).

Skincare industry is one of the industries that often use celebrity endorsement strategy, despite knowing that skincare products were categorized on high-risk products as it contains chemical ingredients which can be dangerous to skin or physical. The scholarship has revealed that the honest celebrity can improve perceived quality, value and reduce perceived risks which in turn improve purchase intention (Erdem & Swait, 2004). Furthermore, a favorable product brand image has a positive effect on purchase intentions (Del Rio et al., 2001; Keller, 1993), and consumers are more likely to shop online for products with well-established brand names with lower perceived risk (Lee and Tan, 2003).

However, most of past research has not separated the category between cosmetic and skin care. Research on personal care products found perception of celebrity endorsement is positively related to perceived quality, perceived value, and brand image (Parayitam, 2017). Further, perceived risk moderates the relationship between hierarchical regression results showed that perceived risk moderates the relation- ships between (a) perception of celebrity endorsement and perceived quality, perception of celebrity endorsement and perceived value, (c) perceived quality and purchase intention, and (d) perceived value and purchase intention (Parayitam, 2017).

1.1. Objectives

To have more valuable insights of Indonesia's customer purchase intention toward skin care products, comprehensive research on related variables such as perceived quality, perceived value, and brand image are needed for celebrity endorsement products. Developing previous research, we examine how perceived risk moderates all three variables. This study addresses perceived risk as a moderator in the relationship between perception of celebrity endorsement and purchase intention for skin care products in Indonesia.

2. Literature Review

In this era of competition, advertisers need to adopt new strategies to differentiate themselves with others in purpose of having customers attention. Celebrity endorsement is one of marketing communications strategy which cannot be ignored by the consumers (Abbas, Afshan , Aslam, & Ewaz, 2018). A celebrity endorser is defined as any individual who enjoys favorable public recognition, which s/he uses on behalf of a consumer good by appearing with it in an advertisement (McCracken, 1989). Skin care products categorized as high involvement and high-risk products (Manggarani & Dharmmesta, 2017). Study shows that celebrity endorsement strategy helps to reduce the consumer perceived risk for high involvement products (Raksha R. Deshbhag, 2020). Perceived risk can play a significant role in influencing consumer decisions to purchase a product (Dowling, 1986) when perceived risks decrease, a consumer's willingness to purchase a product increase (Mitchell, 1999).

Saumendra & Padhy (2012) stress that celebrity endorsers are considered an expert and spokesperson of the brand due to which consumers develop a perception that the brand is of high quality and has a high level of reliability. The empirical results on young adult consumers (Khan, Memon, & Kumar, 2019) suggest that product match-up by celebrity endorsement and perceived quality positively affects purchase intentions. Perceived value hinges on the price and quality of products, celebrities play an important role in influencing the consumers' choices (Parayitam, Kakumani, & Muddangalac, 2020). Perceived value is related to how many products that consumers can get for a certain price, which products are more economical, and what consumers have paid compare to what they get (Zeithaml V. A., 2006). Celebrity endorsement proven to affects perceived value on souvenir products in Surabaya (Santoso, 2018).

Brand image known as one of variables affecting consumer's purchase intention for skincare product in Indonesia (Afzaal Ali, 2018). The American Marketing Association (AMA) in Mirzai et al. (2016), defines a brand image as: The perception of a brand in the minds of persons. Positive brand image will make the purchase decision easier, otherwise negative brand image will reduce consumers' interest to purchase.

Celebrity Endorser towards Perceived Quality, Perceived Value, and Brand Image

Celebrity endorsements help consumers to believe that the products or brands are of high quality, depending on the likability, attractiveness, and trustworthiness of the celebrity (Parayitam, Kakumani, & Muddangala, 2020). Celebrity endorsement enhances the perceived quality of the brand and is correlated with intention-to-use (Kamins, Brand, Hoeke, & Moe, 1989). The study results suggest that perceived quality stimulates consumer purchase intentions brand endorsed by a celebrity positively affects perceived quality due to which consumers develop a positive attitude and consistently purchase the brand (Glover, 2009; Hoeffler & Keller, 2003).

Before consumption of a product or brand, consumers perceive value based on the celebrity endorsements, and if they feel that the celebrities are using the product because of high value associated with the product, the perceived value is likely to be higher than actual value. Celebrity endorser strategy managed to make consumers have positive perceptions and feelings of pleasure, both to the endorser celebrities and the products, making consumers have a good experience and consumers want to buy the products (Santoso, 2018).

Celebrities are perceived to be trustworthy by consumers (Atkin & Block, 1983), positively influences an organization"s brand image (Walker, Langmeyer & Langmeyer, 1992). Zhou & Whitla mentioned that if a celebrity hits by negative publicity could influence the brand image they endorse (Zhou & Whitla,2013). Study on young consumers also verified that there is a causal relationship between celebrity endorsement in social media and brand image (Ahmad, Idris, Mason, & Chow, 2019). Thus, based on the literatures our hypothesis are:

H1: *Celebrity Endorser positively influence Perceived Quality*
H2: *Celebrity Endorser* positively*influence Perceived Value*
H3: *Celebrity Endorser positively influence Brand Image*

Perceived Risk moderates the relationship between Celebrity Endorsement and Perceived Quality, Perceived Value, and Brand Image

The scholarship has revealed that the celebrity can improve perceived quality, value and reduce perceived risks which in turn improve purchase intention (Erdem & Swait, 2004). Reduced perceived risk can lead to higher perceived service quality (Udo, Bagchi, & Kirs, 2010). One stream purports that customers purchase products that offer them the greatest perceived value (Zeithaml, 1988), whereas the other purports that customers purchase products that pose the least amount of risks (Baur 1960). Corresponding to the research, as one of risk reducer strategies, celebrity endorsement provides extrinsic cues for consumers to evaluate the product. Consumers use extrinsic cues to assess quality and sacrifice, which, in turn, helps them to assess risks and then to form perceptions of value (Agarwal & Teas, 2013).

H1a: *Perceived risk moderates the relationship between perception of celebrity endorsement and perceived quality*
H2a: *Perceived risk moderates the relationship between perception of celebrity endorsement and Perceived Value*
H3a: *Perceived risk moderates the relationship between perception of celebrity endorsement and Brand Image*

Perceived Quality, Perceived Value, and Brand Image Towards Purchase Intention

Garretson and Clow (1999) suggest that perceived quality will influence consumer purchase intention. Transaction utility theory proposed by Thaler (1985) indicated that perceived value positively influences consumers' purchase intention. Brand image gives the biggest positive effect on consumer purchase intention (Erida & Rangkuti, 2017). According to Razy & Lajevardi (2015) they indicate that brand image does give influence to consumers' purchase intention, the stronger products' brand image, the more purchase intention there is. Based on that literatures, our hypothesis are;

H4: *Perceived Quality positively influence Purchase Intention*
H5: Perceived Value positively influence Purchase Intention
H6: *Brand Image positively influence Purchase Intention*

Perceived Risk moderates the relationship between Perceived Quality, Perceived Value, and Brand Image Towards Purchase Intention

Research for store brand's purchase intention examined that customers with low perceived quality had greater perceived risk and signified that perceived quality is quite a good predictor on purchase intention whether it is an imported product or local product (Porral & Mangin, 2016). Chang (2011) mentioned that perceived risk does not moderate the relationships between two types of perceived value and purchase intention. Chang (2011) research shows that perceived risk does not moderate the relationships between two types of perceived value and purchase intention. Furthermore, a favorable product brand image has a positive effect on purchase intentions (Del Rio et al., 2001;Keller, 1993), and consumers are more likely to shop online for products with well-established brand names with lower perceived risk (Lee and Tan, 2003). Therefore, based on the literature our hypothesis are;

H4a: *Perceived risk moderates the relationship between Perceived Quality and Purchase Intention*
H5a: *Perceived risk does not moderate the relationship between Perceived Value and Purchase Intention*
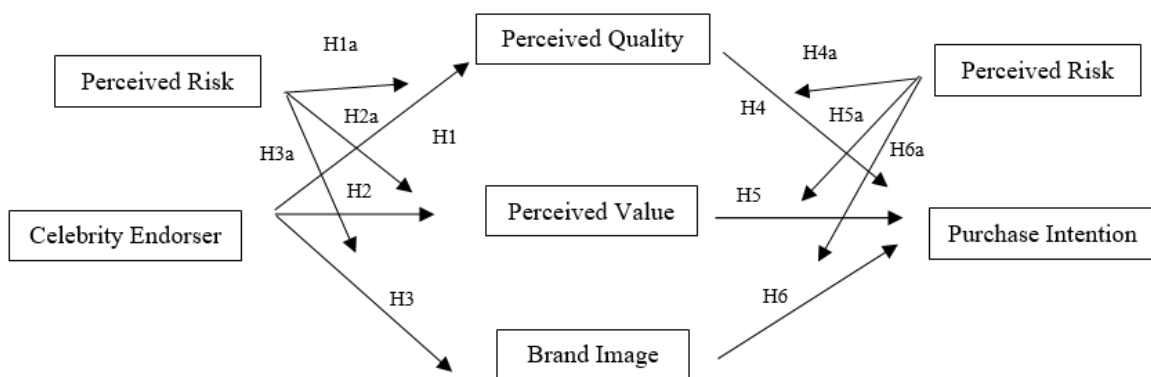H6a: *Perceived risk moderates the relationship between Brand Image and Purchase Intention*

Figure 1. Conceptual framework of the study

3. Methods

Research uses a quantitative approach. The criteria of respondents have followed celebrity endorsed and have seen promotional content at least 3 celebrity endorsers. Due to unknown real population, this study using Lemeshow (1997) formula to determine the number of respondents and by calculation the respondents of the research are 100 respondents. Research uses a quantitative approach. The criteria of respondents have seen celebrities endorse skin care.Primary data obtained through the distribution in the form through online questionnaires, shared in the social media applications such as Instagram, WhatsApp, and Line. The questionnaires consisted of close-ended questions, using non-probability sampling techniques with convenience sampling methods. The convenience sampling method is suitable in this study since the chosen subject is quite close and affordable for researchers. Besides, convenience sampling method which is one type of non-probability sampling technique has easy accessibility and time flexibility to participate in research. The research aims to analyse the impact of advertisement by celebrity endorsement on perceived quality, perceived value, brand image towards purchase intention moderated by perceived risk using 27 questions. Celebrity endorsement measurement is composed of four items from from McCraken(1989), Perceived quality was measured using five items, adapted from Yee et al. (2011), Perceived value was measured using four items adapted from Yee et al. (2011), Brand image through endorsement advertising was measured using four items, adapted from Schlecht (2003), Purchase Intention was measured using six items adapted from Liu & Brock (2011), and Perceived risk was measure four items, adapted from Bettman, J. R (1973). To ensure content validity, most of the items are adapted from previous studies. The type of measurement using a 5-point Likert scale with anchors ranging from "strongly disagree" to "strongly agree". The wording of items questionnaire is modified based on the research context. The data process in this research has implemented the use of software named SmartPLS.

4. Data Collection

The data collected through an online survey with 100 respondents and were analysed with SmartPLS program to measure the validity of measurement and test the hypotheses in this research. The profile of respondents will be

explained including gender, age, location, profession, expenses, and other questionnaires to reveal their psychographic such as frequency of buying skincare in a month, the media they exposed skin care promotion, consideration buying skincare, place to buy skincare in Table1.

Table 1. Respondent's demographic profile

Demografic		Percentage (%)	Total	Demographic		Percentage (%)	Total
Gender	Male	14%	100%	**Skin Care user**	Yes	91.9%	100%
	Female	86%			No	8.1%	
Age	15 – 18	25.6%	100%	**Buying skincare feequency**	1 in a month	34.9%	100%
	19 – 22	18.6%			2 in a month	26.7%	
	23 – 30	53.5%			3 in a month	18.6%	
	31 – 40	2.3%			>4 in a month	19.8%	
Region	Java	80.2%	100%	**Skin care expend**	0 – 1000.000	83.5%	100%
	Sumatra	14%			1.000.001 – 2.000.000	12.9%	
	Kalimantan	2.3%			2.000.001 – 3.000.000	2.4%	
	Etc	3.5%			>3.000.000	1.2%	
Job	Students	50%	100%	**Aware of skin care product endorsed by celebrity**	Yes	80.2%	100%
	Private Employee	30.2%			No	19.8%	
	Government Employee	3.5%		**Social Media**	Instagram	87.2%	
	Entrepreneur	7%			Twitter	18.6%	
	Freelance	2.3%			Youtube	67.4%	
	Etc	7%			Tik Tok	34.9%	
					Facebook	5.8%	
					Whatsapp	5.8%	
Buying Factors	Price	85.2%		**Buying celebrity endorsed skin care product**	Have	42,18%	100%
	Benefit	95.5%			Have Not	57.82%	
	Friend's reccomendation	47.7%		**Place to Buy**	E-commerce	73.86%	
	Brand Image	42%			Offline Store	54.5%	
	Discount Product	37.5%			Instagram / Whatsapp	13.6%	

5. Results and Discussion

5.1. Numerical results

The validity and reliability of the measurement were evaluated using the composite reliability score *convergent validity, discriminant validity,* and *composite reliability*. The composite reliability score is considered valid if the score is more than 0.7 (Willy & Jogiyanto, 2015), 2 shows, the composite score of all factors are more than 0.7 which mean the test of validity in this study is qualified. There are five questionnaires that we decide to take out because the validity and reliability is less than 0.7, the items are 2 items from celebrity endorsers, 1 item from perceived value, 1 item of brand image, 1 item of perceived risk. The items are "I think attractiveness is an important characteristic for celebrity endorsers", "Celebrity endorser whose physical attractiveness influences my purchase intention towards the endorsed product", " I will buy endorsed product if celebrity endorser have same value with me", "Celebrity endorsed product represents my social status", "If I buy a product endorsed by celebrity, It will affects my social judgement".

Last test from convergent validity test is to see the AVE score, qualified convergent validity if the AVE score is more than 0,5 and all the factors have scored more than the baseline score, meaning all the factors passed the

convergent validity test. According to Chang et al. (2009), the square root of AVE for each construct would verify the discriminant validity results when it is generally higher than correlation with any other constructs within the framework model from the score of scrossloading we can conclude that discriminant validity is qualified. Reliability test using 2 methods which Cronbach's alpha and Composite reliability, and from the table below, conclude that cronbach's alpha score is higher than 0.6 along with composite reliability with score higher than 0.6 meaning that the reliability test is qualified. To determine multicollinearity, variance inflation factor (VIF) score for each variable is less than 10 meaning that there is no multicollinearity in this research.

Discriminant coefficient result shown in table 2, Celebrity endorsement that moderated by perceived risk has been found positively affect Brand Image (p= .65), positively affect Perceived Quality (p = .43), positively affect Perceived Value (p= 0.62). Brand Image, Perceived Value, and Perceived Quality that moderated by perceived risk have been found positively affect Purchase Intention (p = .71). Model Fit test result the Chi-Square is <1000 meaning the framework is qualified (Lohmoller, 1989).

Table 2. Convergent Validity & Composite Reliability

	Construct	Item	Loadings	Composite Reliability	AVE
1.	Celebrity Endorsement	CE.1	0.802	0.834	0.664
		CE.2	0.810		
		CE.3	0.848		
		CE.4	0.797		
2.	Perceived Value	PV.1	0.761	0.852	0.673
		PV.2	0.820		
		PV.3	0.874		
		PV.4	0.822		
3.	Perceived Quality	PQ.1	0.762	0.927	0.776
		PQ.2	0.901		
		PQ.3	0.903		
		PQ.4	0.903		
		PQ.5	0.925		
4.	Brand Image	BI.1	0.837	0.842	0.678
		BI.2	0.838		
		BI.3	0.812		
		BI.4	0.807		
5.	Perceived Risk	PR.1	0.873	0.908	0.749
		PR.2	0.807		
		PR.3	0.887		
		PR.4	0.894		
6.	Purchase Intention	PI.1	0.817	0.893	0.632
		PI.2	0.833		
		PI.3	0.771		
		PI.4	0.767		
		PI.5	0.757		
		PI.6	0.821		

Hypotheses Test

The hypotheses will be considered supported if the p-value is <0.05, from the Fig. X showed that. Celebrity endorser does not positively affect Perceived Quality (p= .10) and H1 not supported. Celebrity endorser that moderated by perceived risk does not positively affect Perceived Quality (p= .76) and H1a not supported. Celebrity endorsers positively affect perceived quality (p= .01) and H2 supported.

Celebrity endorser that moderated by perceived risk does not positively affect Perceived Value (p= .46) and H2a not supported. Celebrity Endorse positively affects Brand Image (p =.034) and H3 is supported. Celebrity endorser that moderated by perceived risk does not positively affect Brand Image (p= .62) and H3a not supported. Perceived quality does not positively affect Purchase Intention (p= .51) and H4 not supported. Perceived quality that is moderated by perceived risk does not positively affect Purchase Intention (p= .89) and H4a not supported. Perceived value positively affects Purchase Intention (p= .00) and H5 not supported. Perceived value that moderated by perceived risk does not positively affect purchase intention (p= 0.68) and H5a supported. Brand Image does not positively affect Purchase Intention (p = .148) and H6 not supported. Brand image that is moderated by perceived risk does not positively affect Purchase Intention (p= 1) and H6a not supported.

Table 3. Results of Model Test

Results of Model Test		T Statistics	P Value	Results
H1	Celebrity Endorser positively influence Perceived Quality	1.606	0.109	Not Supported
H2	Celebrity Endorser positively influence Perceived Value	2.551	0.011	Supported
H3	Celebrity Endorser positively influence Brand Image	2.126	0.034	Supported
H1a	Perceived risk moderates the relationship between perception of celebrity endorsement and perceived quality	0.304	0.761	Not Supported
H2a	Perceived risk moderates the relationship between perception of celebrity endorsement and Perceived Value	0.731	0.465	Not Supported
H3a	Perceived risk moderates the relationship between perception of celebrity endorsement and Brand Image	0.491	0.624	Not Supported
H4	Perceived Quality positively influence Purchase Intention	0.653	0.514	Not Supported
H5	Perceived Value positively influence Purchase Intention	2.998	0.003	Supported
H6	Brand Image positively influence Purchase Intention	1.449	0.148	Not Supported
H4a	Perceived risk moderates the relationship between Perceived Quality and Purchase Intention	0.403	0.687	Not Supported
H5a	Perceived risk does not moderate the relationship between Perceived Value and Purchase Intention	0.000	1.000	Supported
H6a	Perceived risk moderates the relationship between Brand Image and Purchase Intention	0.131	0.896	Not Supported

5.2. Discussion & Managerial Implication

Important finding and practical contributions from this research are as follows. First, the results show celebrity endorsers positively influence perceived value and brand image, according to Zhou & Whitla (2013) mentioned that if a celebrity hits by negative publicity could influence the brand image they endorse and otherwise. However, celebrity does not influence positively on perceived quality. This finding is supported by previous research which explain celebrity endorser does not positively influenced perceived quality for luxury goods (Sharma, 2017) and from survey show that most respondents purchase skincare such as serum, day cream, which more categorized as expensive type of skin care rather than face cleanser, body soap, shampoo that can easily found and affordable.

Second, we found that purchase intention was influenced positively by perceived value according to theory proposed by Thaler (1985) indicated that perceived value positively influences consumers' purchase intention. However, perceived quality and brand image do not positively influence purchase intention. Research found that perceived quality does not directly influence purchase intention (e.g., Kehagia et al., 2007; Lo, Chang, & Chang, 2011; Van Rijswijk & Frewer, 2008), because they may be insufficient in time and motivation to do a further judgment, and in the end, they can only select little important information and make an evaluation on quality (Aaker, 1996; Wan, 2006). For brand image, besides celebrity endorsement strategy, EWOM, in turn, positively influenced brand image both directly and indirectly, working out its influence over consumer Purchase Intention. Hennig-Thurau et al. (2004) defined eWOM as "any positive or negative statement made by potential, actual, or former customers about a product or company which is made available to multitude of the people and institutes via the internet". These supported by demographic finding in this research which showed 48% respondent consideration of skin care buying was recommendation from customer reviews or a friend.

Previous research found that perceived risk moderates celebrity endorsement to perceived value, perceived quality, and brand image but in this research, results were found different. Perceived risk does not moderate the relationship between perceived value, perceived quality, brand image towards purchase intentions nor to celebrity endorser. Other finding is most of respondent is have high education which have better understanding about product or promotion and not easily influenced by promotion. According to Biswas (2016) reveal that expert endorsement can reduce perceived risk than celebrity endorser, these findings support that increase of using expert endorsement for certain products like diet or products that are related to health including skincare. This can explain that celebrity endorsers are not effective as expert endorsements to reduce perceived risk. Through observation, most of the product endorsements are carried out by Instagram celebrities who have various profiles and with different methods. So, this can affect how the promotion is received in the consumer's mind. The vampire effect happens when a celebrity's image does not match the endorsed product. In such situations, consumers find it difficult to associate the meaning of the product with the celebrity endorser, and consequently, their attention is directed to the celebrity rather than the advertised product/brand (Erdogan, 1999; Erdogan and Baker, 2000).

5.3. Proposed Improvements

In this study, there are limitations that are expected to be improved in further research. There is a bias regarding the understanding of the skin care category. In this study, the intended skin care products are cleanser, exfoliator, treatment, serum, face oil, sunscreen, moisturizer, chemical peel, toner, face mask, or eye cream (dermastore.com). Skin care products with the non-luxury category can be found in minimarkets, to luxury goods, namely high end skin care products. Because many hypotheses are not supported, the researchers can dig deeper into how celebrity endorsement strategies in reducing perceived risk in purchasing skin care products. In addition, futures studies can state a specific celebrity or a brand as research context to get more detail result, because each celebrity has different credibility, and the result might be different. In the future studies, researchers can distinguish the influence of celebrity endorsement and expert endorsement categories on purchase intention of skin care products to see the effectiveness of using celebrity endorsement strategies in the future. In addition, researchers can also see the motivation of purchasing skin care, both hedonic and utilitarian motives and their effect on the purchase intention of skin care products.

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APPENDIX 1:

No	Variable	Questionnaire Item
1	**Celebrity Endorser**	I will buy a product if the celebrity endorser it is an expert
2		I think a product being endorsed by a celebrity with expertise is more trustable
3		I prefer to buy a product if the celebrity endorser is a trustworthy person
4		I think that a product endorsed by a trustworthy celebrity is more respectable and desirable
5	**Perceived Quality**	Quality of the product is guaranteed when a product has a celebrity endorsement.
6		Celebrity-endorsed products will be more durable in performance.
7		I am sure that celebrity-endorsed products are great in features.
8		Celebrity endorsed product offer products of consistent quality
9		The products that endorsed by celebrity are very reliable
10	**Perceived Value**	If a celebrity provides me preferred value, I will purchase.
11		I feel the quality of the celebrity-advertised product is good.
12		Compared to the price we pay we get reasonable quality for celebrity advertised product
13		Celebrity endorsement gives me greater utility of the product
14	**Brand Image**	My favourite celebrity gives a positive image to the endorsed product.
15		The brand that endorsed by celebrity is a trustable brand
16		Use of celebrity advertisements enhances the credibility of a product.
17		Celebrity endorsers affect my perception about the product image
18	**Purchase Intention**	Product endorsed by celebrities draw my attention easily
19		Endorsed products by celebrities easily come to mind whenever I have to make a purchase.
20		If my favourite celebrity endorses a product, I intent to buy it no matter what
21		I instantly attracted by endorsed product because I like the celebrity endorsing it
22		I will consider buying a product endorsed by my favourite celebrity
23		I am happy to buy the product endorsed by my favourite celebrities
24	**Perceived Risk**	Celebrity endorsement helps reduce the uncertainty of my skin care selection.
25		Celebrity endorsement decreases my concerns about unpleasant experiences that may happen when I choose the skin care products
26		Celebrity endorsement review increases my confidence in skincare choice
27		Celebrity endorsement helps me increase my confidence if the product will be delivered

Biography

Rini Setiowati, is currently the dean of Master Management program in Binus Business School Master Program. Her interest in Marketing and Technological updates prompted her to study further on The Effects of ICT Adoption on Marketing Capabilities and Business Performance of Indonesian SMEs in Fashion Industry. Her apparent insight in Marketing brought her to prestigious positions as Board of Advisor for Indonesia Travel and Tourism Awards and Bali Tourism Awards. She is also taken part as Board of Jury for The Indonesia Sales and Marketing Awards.

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