

# The Effect Celebrity Endorser and Brand Equity to Purchase Decision in E-Commerce Tokopedia



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**Abstract:** *This study aims to determine the effect of Celebrity Endorser on elements of Brand Equity and its impact on purchasing decisions in one e-Commerce in Indonesia, Tokopedia. The number of samples in this study are 111 respondents who have used Tokopedia. The data collection method uses a questionnaire. In this study, Brand Equity itself divided into 4 dimensions hence the researchers look at the correlation between Celebrity Endorser and each dimension of Brand Equity, and purchase decision.*

**Keywords:** *E-Commerce, Brand Equity, Celebrity Endorser, Purchase Decision.*

## I. INTRODUCTION

Since the discovery of the internet in the 1990s, the internet has grown rapidly and changed the lives of millions of people. Along with the rise of the use of the internet for daily life, where the internet is no longer a trend but has become a necessity for people in the world. Especially in Indonesia, where according to data <https://www.internetworldstats.com/> internet user penetration in Indonesia reached 171,260 million or 63.5% of the total population of 269,536 million people. The percentage of Indonesian internet users is 7.4% in Asia. This is certainly very supportive for business people to expand their business in doing business digitally following the changing times via the internet.

Utilization of information technology in the use of the internet is implemented not only to support the delivery of information in real time to companies, but to support the company's internal and external business process services

referred to as E-Business and E-commerce. Business players are slowly changing the method of sales transactions that were originally conventional or offline stores, namely buying and selling transactions made face to face between sellers and buyers, into online shops, where buying and selling can be done through internet media intermediaries. This makes it easier for sellers to promote their merchandise to consumers from various regions and countries, sellers and buyers do not have to meet face to face and transact directly, not limited to the traditional way before.

This online shop is also known as Marketplace, which is a web-based platform or online application that provides a place for online sellers to open shanties or shops on the website. Marketplace provides facilities for sellers to be able to upload pictures of products they want to sell to consumers, equipped with various sizes and colors of goods, as well as sales prices. Making it easier for consumers to choose before deciding to buy. Marketplace also helps consumers who do not have time to visit conventional stores to be able to keep shopping and buying the desired product. The number of marketplace aggressiveness present in Indonesia, shows that the increasingly fierce competition of digital business.

Therefore, a surefire marketing strategy must be implemented to surpass its competitors. Some strategies are carried out such as providing promotions, tempting discounts, and free shipping. In addition, some marketplaces use celebrity endorsers from famous, up-and-coming artists, singers and sports athletes as their brand ambassadors, to promote their marketplace to be more memorable to the public as the preferred marketplace for online shopping.

One example of a marketplace that uses this strategy in Indonesia is Tokopedia. Taken from <https://www.tokopedia.com/about/our-story>, Tokopedia was first inaugurated on August 17, 2009 with its founders William Tanuwijaya and Leontinus Alpha Edison. Tokopedia is a startup marketplace that motivates Indonesian people to be able to sell online for free, by building a platform for everyone to start, find anything and anywhere. Tokopedia took the Korean singer band group BTS which has 7 (seven) personnel as its brand ambassadors. BTS was chosen as a brand ambassador because BTS was a person who had influence in 2019 according to TIME magazine version, then became UNICEF Goodwill Ambassador, gave a speech at the UN General Assembly, also became the first South Korean musician to be number 1 (one) on the Billboard charts 200 in America.

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However, for the use of the Brand ambassador strategy, according to Xiaohan Tay, IDC Senior Market analyst quoted from the article <https://technologue.id/> that "Engaging endorsers from celebrities does help increase sales in the short term. However, this may not be effective in the long term, "

Previous research stated that Celebrity Endorser in promoting Malang Strudel has proven to be successful in making consumers interested in Malang Strudel products [1]. Therefore, the purpose of this research is to look for what is the impact of marketing strategies in using Celebrity Endorser to increase the popularity of E-commerce, and also look for the factors that determine the success of marketing strategies in increasing the popularity of E-commerce.

## II. LITERATURE REVIEW

E-Commerce is an electronic product sale and purchase transaction conducted by sellers and buyers with internet intermediary media to conduct business transactions [2]. The types of business models of E-commerce transactions are B2B, B2C, C2C, B2E, E-government, and mobile commerce [3]. Business to Business (B2B) is sellers and buyers are organizations or business entities. Business to Consumer (B2C) is a seller is an organization or business entity that sells to buyers, personal or personal. Consumer to Consumer (C2C) is a sellers and buyers are both individuals. Business to Employee (B2E) is an organization that use E-commerce for the internal needs for information of their employees. E-government using internet technology for giving the information to the public service and society. Mobile commerce using wireless technology like cell phone to online shopping through internet.

Celebrity endorsers are always associated with figures who are already well-known in the public and act as consumers in their advertisements. Figures that are known to be through the profession as movie stars, sports athletes, singers and others who do have an allure. [4].

Brand equity is explained by Aaker as a set of assets or attributes connected to a brand with the aim of adding value to the products contained in the related brand [5]. In general, brand equity is divided into several dimensions namely, brand awareness, perceived quality, brand loyalty, and brand association [6] [7] [8] [9] [10].

- Brand awareness means the extent to which consumers know the brand is closely related to the signaling and verbal categories. Knowledge of a brand that is known by consumers or all related elements that can be embedded in consumers' memories [11].
- While brand loyalty is defined as the loyalty of a person or consumer to continue using a product because of a particular [12].
- Usually a brand that has been attached to this particular product can foster an assessment of more quality, this is also called perceived quality [13].
- Brand association as information in the minds of consumers and gives brand meaning to consumers [5].

Purchasing decisions are processing integrations that combine science to analyze two and more alternative behaviors with the selection of one. [14].

## III. RESEARCH METHODOLOGY

The population in this study is Jakarta residents aged at

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least 17 years who have used Tokopedia to shop. The total sample that participated was 111 respondents. The sampling technique is purposive sampling in accordance with predetermined criteria. The object of research was conducted on Tokopedia e-commerce. Figure 1 displays the Tokopedia e-commerce website.

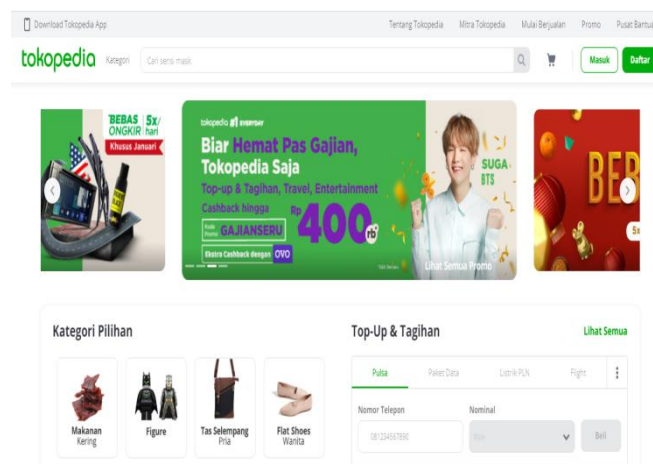


Fig 1. Tokopedia Website

Figure 2 shows a research model to see the effect of Celebrity endorsers and Brand Equity on purchase decisions in e-commerce.

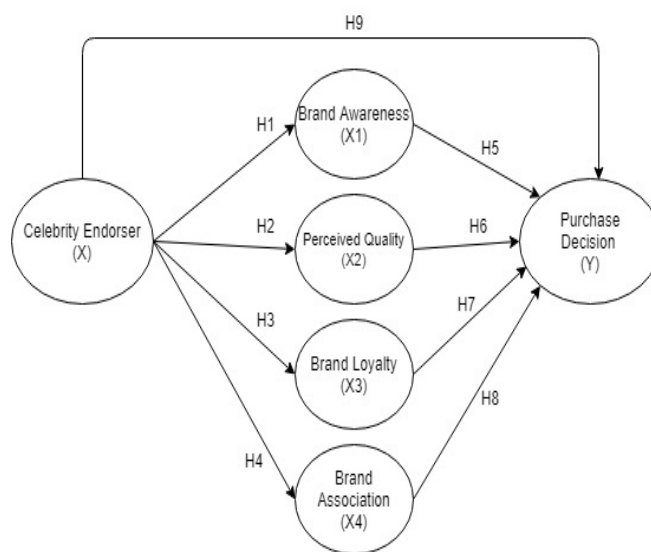


Fig 2. Research Model

Hypothesis models consist of 9 hypotheses, H1: Celebrity Endorser (X) has significant effect on brand awareness (X1); H2: Celebrity Endorser (X) has significant effect on Perceived Quality (X2); H3: Celebrity Endorser (X) has significant effect on Brand Loyalty (X3); H4: Celebrity Endorser (X) has significant effect on Brand Association (X4); H5: Brand awareness (X1) has significant effect on Purchase Decision (Y); H6: Perceived Quality (X2) has significant effect on Purchase Decision (Y); H7: Brand Loyalty (X3) has significant effect on Purchase Decision (Y); H8: Brand Association (X4) has significant effect on Purchase Decision (Y); and H9: Celebrity Endorser (X) has significant effect on Purchase Decision (Y).



IV. RESULT AND DISCUSSION

A. Profile of Respondents

Table I: Profile of respondents

Gender	Man	51.4%
	Woman	48.6%
Ages	17 - 22 years old	6.3%
	23 - 28 years old	32.4%
	29 - 34 years old	27.9%
	>35 years old	33.3%
Profession	Student	6.3%
	Private sector	72.1%
	Others	21.6%

Based on table 1, shows respondents by gender, age and profession. Percentage of male gender (51.4%) bigger than woman (48.6%). For ages, the highest respondent is >35 years old (33.3%), and the smallest is 17-22 years old (6.3%). Also, the highest percentage of professions are private sector (72.1%), and the smallest are students (6.3%).

B. Hypothesis Testing

The celebrity endorser (X) variable is the independent variable in this study. This variable consists of five indicators such as suitability, appropriate as icons, stars that promote, fame, and fulfillment of requirement. Based on the results of the study, the highest indicator score was fulfillment of requirement (0.908).

Then, the brand awareness (X1) variable is the mediating variable in this study. This variable consists of four indicators such as recognition, familiarity, top of mind, and identification. Based on the results of the study, the highest indicator score was identification (0.897).

The perceived quality (X2) variable is the mediating variable in this study. This variable consists of three indicators such as good, consistent, and reliable. Based on the results of the study, the highest indicator score was good quality (0.95).

The brand loyalty (X3) variable is the mediating variable in this study. This variable consists of three indicators such as loyalty, first choice, and unwillingness to use other brands. Based on the results of the study, the highest indicator score was loyalty (0.932).

The brand association (X4) variable is the mediating variable in this study. This variable consists of five indicators such as recall, visualization, attractiveness, unique brand image, and love of brand image. Based on the results of the study, the highest indicator score was love of brand image (0.89).

The purchase decision (Y) variable is the dependent variable in this study. This variable consists of five indicators such as buying because of icon's fame, buying because of good services, recommendation, willing to buy, and necessity. Based on the results of the study, the highest indicator score was buying because of good services (0.893).

Table 2 shows the overall results of the hypothesis (H1-H9) based on the path analysis.

Table II: Path Analysis Hypothesis Testing

Hypothesis	Beta	P	Result
H1: Celebrity Endorser -> Brand Awareness	0.135	0.096	Not Supported
H2:Celebrity Endorser -> Perceived Quality	0.246	0.003	Supported
H3:Celebrity Endorser -> Brand Loyalty	0.100	0.136	Not Supported
H4:Celebrity Endorser -> Brand Association	0.181	0.041	Supported
H5:Brand Association -> Purchase Decision	0.094	0.238	Not Supported
H6:Brand Awareness -> Purchase Decision	0.084	0.160	Not Supported
H7:Perceived Quality -> Purchase Decision	0.395	0.000	Supported
H8:Brand Loyalty -> Purchase Decision	0.289	0.001	Supported
H9:Celebrity Endorser -> Purchase Decision	0.214	0.001	Supported

Based on the table above, H9 or the direct effect of the celebrity endorser variable significantly affects the purchase decision (P<0.05). Likewise, H7 or the perceived quality variable also has a significant effect on purchase decision (P<0.05). H8 or Brand loyalty also has a significant influence on purchase decision (P<0.05). Therefore, hypotheses from H7, H8, and H9 are supported.

On the other hand, there are also some hypotheses whose results are not supported, namely H1, H3, H5, and H6. It turns out that in this case, celebrity endorser (X) does not affect the brand awareness and brand loyalty (P>0.05). In addition, brand awareness and perceived quality also do not affect the purchase decision (P>0.05).

Moreover, H2 or the celebrity endorser can significantly influence perceived quality (P<0.05). Then, there is a variable that significantly affected by celebrity endorser even the variable cannot mediate the effect to purchase decision. The variable is brand association (P<0.05), hence H4 is supported.

V. CONCLUSION

As expected, Celebrity endorser significantly affected purchase decision as a direct effect. On the other hand, celebrity endorser significant effect on Brand equity dimensions only happened to perceived quality and brand association. Perceived quality as a mediating variable succeed to having a significant effect on purchase decision. In contrast, even brand association affected by celebrity endorser,



brand association itself have no effect on purchase decision. As a result, the only mediating variable that is significant in this study is perceived quality.

Suggestions for Tokopedia to continue use Celebrity Endorser if the aim is Perceived Quality and Brand Association. But if the aim is to increase Brand Awareness and Brand Loyalty, Tokopedia needs to find another way.

For further research, it is interesting to look at another mediation between Celebrity Endorser and Purchase Decision other than Brand Equity. It also interesting to include another control variable such as age or gender.

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