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**SCHOOL OF BUSINESS**

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**EFFECTS OF CELEBRITY ENDORSEMENTS ON SALES PERFORMANCE:  
A CASE STUDY OF ADONKO COMPANY LIMITED**

**BY**

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THESIS SUBMITTED TO THE DEPARTMENT OF MARKETING AND CORPORATE  
STRATEGY, KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY,  
KUMASI IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF  
**MASTER OF BUSINESS ADMINISTRATION IN MARKETING.**

**NOVEMBER, 2023**

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## DEDICATION

This work is dedicated to my family and friends for their support in the successful completion of this work.

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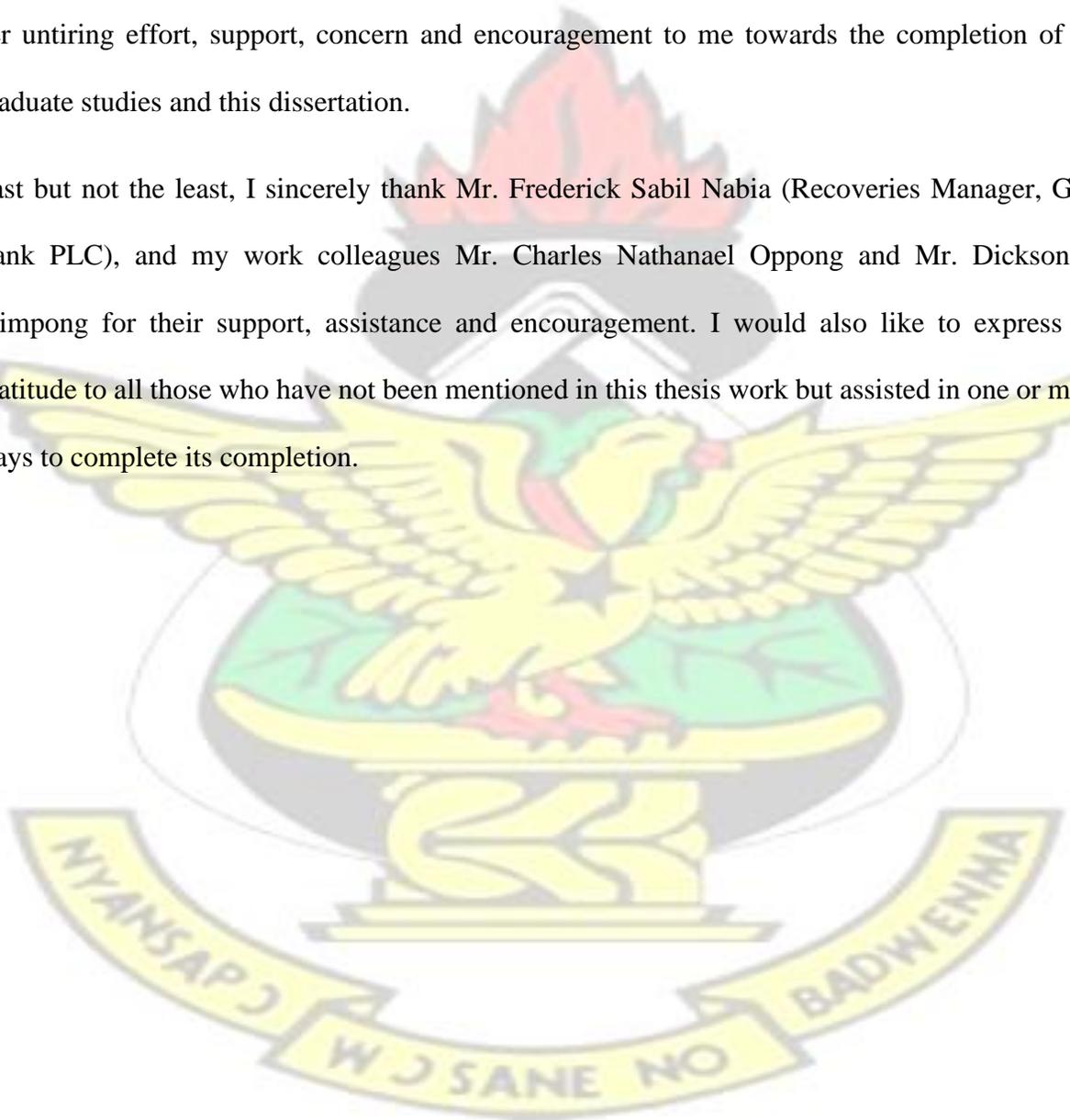


## ACKNOWLEDGEMENT

I am most grateful to God Almighty for His immense grace and blessings. I am particularly grateful to Prof. Wilberforce Owusu-Ansah, my supervisor for his guidance and contributions toward the success of this work.

I wish to render my heartfelt thanks to my wife Mrs. Pamela Owusua Abakah and my family for her untiring effort, support, concern and encouragement to me towards the completion of my graduate studies and this dissertation.

Last but not the least, I sincerely thank Mr. Frederick Sabil Nabia (Recoveries Manager, GCB Bank PLC), and my work colleagues Mr. Charles Nathanael Oppong and Mr. Dickson K. Frimpong for their support, assistance and encouragement. I would also like to express my gratitude to all those who have not been mentioned in this thesis work but assisted in one or many ways to complete its completion.



## ABSTRACT

The research study sought to examine the effect of celebrity endorsement on sale performance of Adonko Company Limited, with focus on celebrity's credibility, popularity and acceptance as a measure of celebrity endorsement on sales performance. Few studies exist without any clear-cut idea on which factors firms can use to evaluate the strength and weakness of potential celebrity endorsers in Ghana and most especially in the alcoholic industry. Literatures were reviewed theoretically. Data collected were analyzed using Statistical Package for Social Scientists (SPSS), whereas Structural Equation Modelling (SEM) technique, Smart Partial Least Square (PLS) software version 3.0 was also employed to determine the hypothesized relationships of the study. The research design is purely descriptive and data collected using cross-sectional survey method. The survey conducted on a total of 100 respondents out of which 100 responses were received representing 100% response rate. The findings, however confirmed significant relationships that exist between celebrity endorsement and sales performance. In the light of the analyses and interpretations, it is suggested and recommended that firms should intensify the use of popularity and credibility as a measure of celebrity endorsement in promoting their products, hence not leaving out celebrity's acceptance to protecting brand image.

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## CHAPTER ONE

### INTRODUCTION

#### 1.0 Background of the Study

Celebrity endorsement is a marketing communication instrument that is gradually gaining root as many organizations leverage on its potential to improve performance. Celebrity endorsement (hereafter referred to as CE) according to Segrave, (2015) is an important aspect of advertising that triggers product recall and enhances product visibility and exposure. More importantly, CE has been associated with increased sales and success of many products and services. For instance, Chanel's classic perfume reported a 30% increase in sales after the company signed on Nicole Kidman in 2003, (Ofori-Okyere & Asamoah, 2015). In the same vein, Tiger Woods' endorsement of Nike in the year 2000, witnessed its market share rise in just eight months, from less than 1% to 3.9%. (Gajdka & Schabek, 2018). To reiterate, Tiger Woods through celebrity endorsements is said to have "consistently earned more off the course than on the course" (Chung et al., 2013; p. 272). As far back as the 1990s, the mere announcement of celebrity endorsement contracts led to positive reactions from the market and increased share prices (Elberse & Verleun, 2012). While CE comes with many benefits, Einola & Alvesson, (2021) posits that it can be a double-edged sword which can make or unmake an organization. CE is defined as "the use of a person who enjoys public recognition on behalf of a consumer product or service by appearing with it in an advertisement" (Nelson & Deborah, 2017). To support this view, Shenje (2017) states that celebrity endorsement is a communication channel in which a celebrity serves as the brand's spokesperson and uses his or her personality to validate the brand and its market position. Celebrity endorsement deals cost billions of dollars each year, demonstrating the importance of celebrities in the advertising industry. Celebrity endorsements based on Udo & Stella (2015) is the

use of well-known athletes, actors, musicians, and television personalities to promote or advertise goods and services. It's also critical to understand that celebrities can also be disparaging, which could result in the demise of celebrity endorsements. In this case, the credibility of the individual is key because any unfortunate events can influence consumers' purchasing decisions (Finsterwalder, Yee & Tombs, 2017). It is worth mentioning that, Agencies invest heavily in branding and celebrity endorsements. Celebrities are recognizable figures with strong appeal and impressive power that can captivate audiences through their likeness, attractiveness, trustworthiness, or alignment with the brand, thus producing a strong brand in the minds of the audience image and value.

According to Awobamise & Jarrar, (2018), celebrities serve as brand ambassadors through the medium of endorsement to validate company claims and status by enhancing their popularity and charisma, while Parayitam, Kakumani & Muddangala, (2020), celebrity endorsement is said to be one of the advertising techniques employed by businesses to increase consumer awareness of their brands and to gain favorable consumer appraisals by utilizing various sports and entertainment as an effective and gainful tool. In today's business environment, celebrity endorsement has been accepted as one of the most effective advertising tactics employed by organizations due to the aggressive competition among brands.

Focusing on individual celebrities, McCracken (1989) defines a celebrity endorser, as "any person who enjoys public recognition and who uses this recognition on behalf of a consumer good by appearing with it in an advertisement". In order to achieve a competitive edge, businesses effectively optimize the celebrity personas that align with their brands. In Ghana, celebrity endorsement activities are prevalent in consumer purchase intentions (Osei-Frimpong et al., 2019), buying behaviors (Ofosu-Boateng, 2020; Kraa et al., 2018), celebrity endorsement and company

reputation (Zakari et al, 2019). According to Ofosu-Boateng (2020; p. 1), consumers are exposed to advertising clutter on a regular basis, which is linked to the "dynamic nature of the market in addition to the division of the media landscape" as the cause of the rising trend in CE usage. Moreover, Blondé & Roozen (2006) opine that the popularity of celebrity endorsements recently is due to the widespread weakening in the efficiency of other marketing communication tools such as advertising. Against this backdrop, this study is intended to investigate the effects of celebrity endorsements on the sales performance of Adonko Company Limited.

### **1.1 Research Problem**

Due to media and advertising clutter, organizations are looking for alternative forms of communicating products and services to consumers. Celebrity endorsements offer those alternatives as organisations compete for customers' attention. Whenever celebrities are used to endorse products or services, companies show that they believe celebrity attributes can be used to reflect the brand they sell. Celebrity endorsement has attracted massive scholarship and provided empirical evidences to support its importance. For example, Priyankara, Weerasiri, Dissanayaka & Jinadasa, (2017) finds that celebrities have credibility and expertise that makes goods and services more desirable. In a study by Omorodion & Osifo, (2019) his findings indicate that celebrity physical attractiveness strongly correlates with consumer purchase behaviour. Similarly, Zakari et al., (2019) found that attractiveness of the celebrities significantly influences an organization's reputation. Moreover, the market acceptability and celebrity image has been found to impact on brand management (Khan, Memon, & Kumar, 2019). Still others believe that employing celebrity endorsement can be challenging because should a celebrity endorser suffer any scandal, sales can potentially be eroded; thus, impacting negatively on the performance of companies (Zakari et al., 2019). While most of these findings relate to the electronic and

telecommunications sectors, it is unclear how celebrity characteristics influence the sales performance of the alcoholic beverages sector; thus, providing a gap that needs attention. Regarding the outcomes of celebrity endorsements, the extant literature is very clear on its impact on consumer brand loyalty, customer purchase intention and consumer behaviour (Zakari et al., 2019; Osei- Frimpong et al. 2019; Ofosu-Boateng, 2020). However, its impact on sales performance is quite unclear in the literature with available studies presenting inconclusive findings. For instance, in Carrillat, O'Rourke & Plourde, (2019) study, they reveal that an endorser like Tiger Woods not only convince consumers to switch brands, but also influence consumer demand without stipulating whether demand leads to improved sales performance. Again, the call for celebrity endorsement research into new directions such as studies of sales effects and stock market reactions is becoming persistent (Bergkvist & Zhou, 2016). Additionally, few studies also outline the real benefits and challenges of using celebrity endorsements as a marketing communication tool (Han & Yazdanifard, 2015). In Ghana particularly, the use of celebrities in advertisements to promote products and services was not rampant until few years ago. Recent studies have revealed that business owners are confident that a celebrity's significance and traits may be applied to their product, which could support successful marketing campaigns. Thus, this study examines the effects of celebrity endorsements on sales performance of Adonko Company Limited. The study further investigates the benefits as well as the challenges that confront producers of Adonko Company Limited in their quest to employ celebrity endorsements as a marketing communication tool.

## **1.2 Research objectives**

The objectives of the study are categorized into two, namely; general objective and specific objectives.

### **1.2.1 General Objective**

To examine the impact of celebrity endorsements on sales performance: a case study of Adonko Company Limited.

### **1.2.2 Specific Objective**

1. To determine the impact of celebrity's credibility on sales performance of Adonko Company Limited
2. To examine the impact of celebrity's popularity on sales performance of Adonko Company Limited.
3. To examine the impact of celebrity's acceptance on sales performance of Adonko Company Limited.

### **1.3. Research questions**

The following questions are used to achieve the objectives of this study

1. What is the impact of celebrity's credibility on sales performance of Adonko Company Limited?
2. What is the impact of celebrity's popularity on sales performance of Adonko Company Limited?
3. To what extent does celebrity's acceptance impact sales performance of Adonko Company Limited?

### **1.4 Significance of the Study**

This study makes contribution to knowledge, practice and policy in the following ways; firstly, the findings of the study add to the paucity of research on celebrity endorsements in a developing country context. In sub-Saharan Africa in general and Ghana in particular, although celebrity endorsements is gradually gaining grounds, research on the area is limited calling for more work

to be done to improve understanding of the concept. Secondly, findings from the study will have managerial and practical implications for practitioners in the alcoholic and non-alcoholic beverages industry. For example, if findings reveal strong and significant relationship between celebrity endorsements and sales performance, recommendations can be made for management to focus attention on this all-important concept. Findings on the benefits as well as the challenges of celebrity endorsements activities may also offer insights and make managerial recommendations for improvements. The findings of the study may also have policy implications as policy makers can adopt the post study framework to design policies to improve the activities of the advertising sector.

### **1.5 Scope of the Study**

The scope of this study covers the effects of celebrity endorsement of Adonko Company Limited on sales performance. The study examines the effect of celebrity endorsement of Adonko Company Limited and sales performance. The unit of analysis was the Ashanti Region. This is because the region is fast becoming cosmopolitan hosting numerous celebrities. Furthermore, only management and sales personnel of the product were drawn to be part of the study. This is justified as they are better positioned to do sales analysis and provide information on the sales performance of the product.

### **1.6 Limitations**

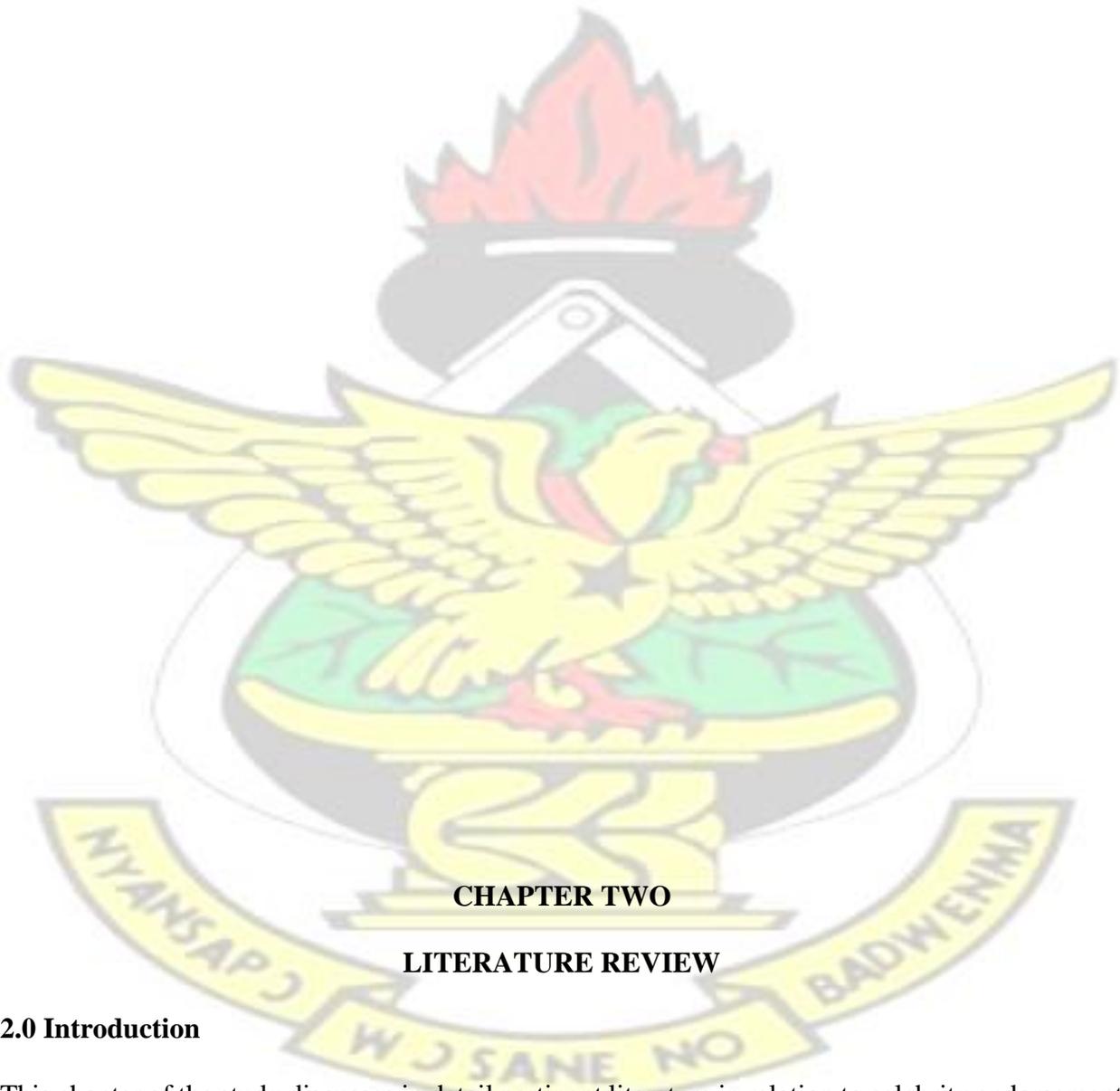
The researcher anticipates that the study was limited in a number of ways. In the first place, the researcher anticipated that there will be lack of access to information. This occurred because some of the respondents were unwilling to participate in the study. To overcome this, the researcher captured a confidentiality clause in the questionnaire to assure them that information provided was

for academic purposes only and therefore guarded with the utmost confidentiality. There was also the challenge of providing incomplete information by the respondents. To overcome this limitation, the researcher piloted the study in order to clarify any ambiguous questions. Lack of finances to cover a larger sample size also limited the study which in turn affected the generalizability of the findings.

### **1.7 Organisation of the Study**

This study was made up of six chapters. In chapter one, the background of the study is presented. This chapter also discusses the problem statement, research objectives and questions, significance of the study, scope limitations as well as the organization of the study. Chapter two presents the literature review which discusses pertinent issues in relation to celebrity endorsement and sales performance. The conceptual framework as well as hypothesis formulated was presented in this chapter. The methodology of the study is discussed in chapter three. Here, the design adopted for the study, methods employed to select the sample and the tools used to collect and analyze data was presented. Chapter four presents the results from data analysis as well discuss the findings in relation to literature and existing knowledge. In chapter five, a discussion of the study's contribution to understanding of the topic is provided. Chapter six is the final chapter and presents the summary and conclusion of the study. The conclusions of the study were made up of how the study met the objectives or responded to the research questions, provided implications of the study as well as identified future research avenues.

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## CHAPTER TWO

### LITERATURE REVIEW

#### 2.0 Introduction

This chapter of the study discusses in detail pertinent literature in relation to celebrity endorsement and sales performance. Specifically, the chapter delves into the concept of celebrity endorsement,

defines who a celebrity is, assess some of the benefits of celebrity endorsement, attributes of celebrities and examine the effect of celebrity endorsement on sales performances. The chapter further develops a conceptual framework and hypothesis to help answer the research questions.

## **2.1. Theoretical Review**

The theoretical literature of this study is situated on meaning transfer theory and Source effect model.

### **2.1.1 Transfer Theory**

McCracken's (1989) theoretical model of meaning transfer in Oyeniyi (2014) is based on the assumption that celebrity endorsers possess symbolic and cultural meanings that can be adapted to market specific products. Further information indicated the company must identify product characteristics and correlate them with the characteristics possessed by the celebrity endorser in order to understand the degree of relationship that exists between the product and the celebrity, and whether consumers can associate those characteristics with the celebrity. McCracken (1989) also created a three-stage model to explain the relationship between meaning transfer theory and celebrity endorsement. The first-stage model explains where consumers will associate a set of meanings with a celebrity. The second stage shows that these meaning sets are transferred from celebrities to products through endorsements. The final stage is when consumers acquire the meaning of the brand through purchase.

## 2.2 The Concept of Celebrity Endorsements

Celebrity endorsements gained prominence after the Second World War. In a study conducted by Erdogan et al., (2001), they indicate that in 1979, one in every six commercials used a celebrity and in 2001, that percentage grew to 25%. At the beginning of the twentieth century, Segrave (2005) posits that celebrity endorsement became so popular that people used to find celebrities in every newspaper and magazine. In recent times, the intense competition in the market demands that organizations look for ingenious ways to stay competitive in order to claim a significant share of the market. On the other hand, customers are becoming more sophisticated and demanding more from the products or services they buy Christopher, & Peck. (2012). Moreover, marketing communication activities of firms are continuously expanding from traditional advertising, sales promotions and personal selling to other unconventional ways of communication including celebrity endorsement, (Schimmelpfennig & Hunt, 2020). According to Kotler (2007) customers are exposed to thousands of advertising messages and a lot of clutter on a daily basis which impede purchase decisions. As a result, to gain the attention of customers, celebrity endorsements have become popular communication tools that organisations employ. Blondé & Roozen (2006) posit that the popularity of celebrity endorsements in recent times is attributed to the sharp drop in other communication technologies' efficacy. Moreover, Jinadasa, Perera, Dissanayake & Weerakoon, (2020). reveal that Celebrity endorsement is recognized as the “ubiquitous feature of modern-day marketing” with the aim of generating publicity, driving consumers’ attention to messages being communicated (Biswas et al., 2009), as well as influencing consumers’ purchasing behaviour (Keller et al., 2011). In view of its significant importance as a marketing communication tool, celebrity endorsement is seen to be one of the most persuasive tool that help advertisers to break through the clutter in order to create and enhance a brand’s image.

### 2.3 Celebrity

Celebrities according to Teng et al (2020), are defined as individuals who are talented with certain dynamic and appealing characteristics. To Ahmed, et al (2012) a celebrity is a person who loves public recognition and in the endorsement process, utilizes that recognition in the name of the final good by displaying it in an advertisement. Malik et al, (2016) suggest that the word celebrity relates to an individual known to the public in fields other than that of the approved product class. Matusitz & Simi, (2021) simply defines a celebrity as someone who is “famous for being famous” or “well known for their well-knownness” (Al Sad, 2021). Boorstin further intimates that celebrities are “fabricated on purpose to satisfy our exaggerated expectations of human greatness” (p.78). Furthermore, Turner (2013) posits that celebrity is an “innate or natural quality possessed only by some extraordinary individuals and discovered by industry scouts. These individuals develop their capacity for fame, not by achieving great things but by differentiating their personalities from others”. To move toward a definitive definition, Burgess, Mitchell & Münch, (2018) states that celebrity is a “genre of representation and a discursive effect; it is a commodity traded by the promotions, publicity and media industries that produce these representations and their effects”. Celebrities include actors and actresses, sports personalities, politicians, well-known persons who affect society or have a well-known identity in culture, film, music, journalism, education etc and have distinct features such as physical attractiveness, exceptional lifestyle, and various special abilities or talents that are not frequently observed by other individuals. Most celebrities that are hired by organisations to endorse products or brands are a well-known, television stars, movie actors or famous athletes (Patra & Datta, (2012). Thus, businesses attempt to align these characteristics and representation with their products through marketing and advertising

communication strategies (Baumgarth & Schmidt, 2010). Munyoro and Nhevere (2019), states that the ultimate goal of marketing is to instill a powerful stance in the minds of customers by creating a powerful brand association with the celebrity. According to Ateke, Onwujiariri, and Nnennanya (2015), a company that decides to hire a celebrity to promote its products or services has the option of using the celebrity as;

- **Testimonial:** If the celebrity has personally used a product or service and is in a position to attest its quality, then he or she may give a testimonial mentioning its benefits.
- **Endorsement:** celebrities often lend their names to advertisements for product or services for which they may or may not be the experts.
- **Actor:** Instead of a personal testimonial or endorsement, a celebrity may be asked to present a product or service as part of character enactment. This has nothing to do with the actor's on- or off-screen persona.
- **Spokesperson:** Celebrities who have long represented a brand or company in print and television commercials, and also as well as in their personal appearance, are often referred to as the face of the company. The reason for using celebrities as endorsers can be traced to their enormous potential influence. Celebrities garner a higher level of attention and recall than other endorsers, genres. They increase awareness of company advertisements, develop positive feelings about the brand, and are perceived as more entertaining by consumers (Hennayake, (2017)). Therefore, the use of celebrities in advertising may have a positive impact on consumers' brand attitudes and purchase intentions.

### **2.3.1 Celebrity appeal in advertising**

Celebrity appeal is common in advertising storytelling, especially in product categories targeting teens (Chan & Fan, 2022). Marketers frequently use celebrity endorsements to capture consumers' attention and encourage them to make purchases. Research by Bergkvist and Zhou (2016) found that Asian markets use celebrity appeal more often than Western countries. Celebrity endorsement refers to having celebrities such as artists and sports personalities endorse brands or products in person (Bergkvist and Zhou 2016). Most celebrity attractiveness studies employ four theoretical models: the source attractiveness model, the source credibility model, the meaning transfer model and the celebrity-brand fit model. A recent study proposes a model of process transfer endorsement effects, in which the evaluation process initiated by evaluating the endorser is transferred to the evaluation of the endorsed product. This effect was independent of the spokesperson's positive or negative valence (Wong, Fock, & Ho, 2020). However, research results have been inconsistent and, at times, contradictory.

### **2.4 Celebrity Endorsements**

Celebrity endorsement or advertising is “the use of a celebrity’s image to sell a product or service, using one’s wealth, popularity, or fame to endorse a product or service” (Han et al., 2015). In celebrity endorsement, the celebrity acts as the spokesperson of the brand and endorses the brand’s claims and status by associating his own personality, popularity and status with the brand (Sajan & Nerhu, 2014). True endorsement occurs when a celebrity lends his or her name and represents a product or service in which he or she may or may not be an expert. (Hsu, Chen, Yang, Lin, & Liu, 2018). The goal of a celebrity endorsement is to capture the customer's attention and create positive associations that influence not only recall but also trial and, ultimately, purchase decisions.

Correspondingly, Nelson & Deborah, (2017) pointed out that "celebrity endorsement is a conduit in brand communication, and celebrities, as brand spokespersons, prove the brand's claims and status by expanding their personality, popularity and status in the brand. Social or the impact of expertise in the field on the brand". Bhatti & Fiaz (2016). Define a celebrity as "a person who is recognized by the public for his actions, with a diverse portfolio such as performer, athlete, entertainer, legislator, etc". Schimmelfennig, (2019) identified four types of celebrity endorsers. These are explicit endorsers (I endorse this product), for example, a healthy product. The second is implicit endorsers, including those who advertise (I use this) that you should use it. The third is the spokesperson, who plays the role in the advertisement to persuade the individual in the advertisement to use the product. The last type of endorsement is co-presentation (with items only). In this study, celebrity endorsement is defined as "a strategic marketing tool that influences consumer behavior in support of a specific product or brand by attributing certain attributes of a celebrity to a specific product or brand" (Kraa et al., 2018).

## **2.5 Benefits of Celebrity Endorsements**

Mettenheim, & Wiedmann, (2021) states that celebrity endorsements serve as quality sign posts and considered important to improve brand reputations. Here, users of goods and services associated with celebrities receive a little extra in the way of inspiration, entertainment, and visuals. Additionally, through celebrity endorsements, celebrities are able to bring more attention to the advertising they feature in than those that do not host any celebrity (Schimmelfennig, (2018).

### **2.5.1 Clutter Breaker**

Hermantha, (2019) finds that a celebrity is unparalleled when it comes to selling. Signing a celebrity helps the brand stand out from the competition, and if there is a close connection between

the celebrity and the brand, customers are more likely to recognize the brand from the crowd. In doing this, celebrity endorsement is also perceived as alternative source of validation that the product or service is of the highest standard. Celebrity endorsement gets the brand noticed amidst the clutter. Thus, Adedeji (2021), recommends the need to ensure synergy between the brand and its celebrity to help accelerate the brand image.

### **2.5.2 Non-Evaluative Meaning Transfer**

Studies show that one advantage of the celebrity endorsements is that of non-evaluative meaning transfer (Moraes et al., 2019; Biscaia et al., 2013). This suggests that the effect of celebrity endorsements on brands translates to not only physical evaluations but also transfers certain meaning or association to the brand. Such non-evaluative meaning can be the celebrity endorser's personality being transferred to the brand. For instance, in a study by (Miller and Allen, 2012) they found transfer of positively and negatively capacity traits. Campbell and Warren (2012) found transfer of both positively and negatively capacity traits. Moreover, Bergkvist, (2017) find a positive liking for a brand when non-evaluative meaning transfers from brands paired with celebrities. Osorio et al (2021) therefore recommends that those who use celebrity endorsements “must take into account the various meanings with which celebrities are imbued” as these enable consumers to choose from brands.

### **2.5.3 Price Premium**

According to Chung et al. (2013) organisations can command premium prices when they contract high caliber celebrities, and competitors retaliate by lowering their pricing. Their research also showed that between 2000 and 2010, the Tiger Woods endorsement effect resulted in an extra sale of 9.9 million 12-pack golf balls, generating an extra profit of \$103 million for Nike's golf ball.

Because of this, Nike was only able to repay about 57% of its investment in the golfer's endorsement through sales of golf balls in the United States.

#### **2.5.4 Advertising Cues**

According to Khan and Lodhi (2016), Celebrity endorsement is a useful advertising cue that attracts customers to a particular product invariably helping to attain potential customers' attention towards the product or service. For Ogbulie, Nwankwo & Egele, (2019) celebrity endorsements serve as the advertising strategy cue that draws customers' attention. More importantly, because a lot of organizations communicate simultaneously with thousands of messages, Kwajaffa, Balami & Dauda, (2021) suggests that the only way to arrest customers' attention is to use subtle cues such as celebrity endorsement. Accordingly, Dissanayake, (2015) proposed a theoretical framework in which celebrities are seen as peripheral cues. These peripheral cues are noted to have positive effect on brand evaluations. Other benefits of celebrity endorsements have been outlined by (Mckenzie, Chiliya & Chikandiwa, 2016) in Figure 2.1.

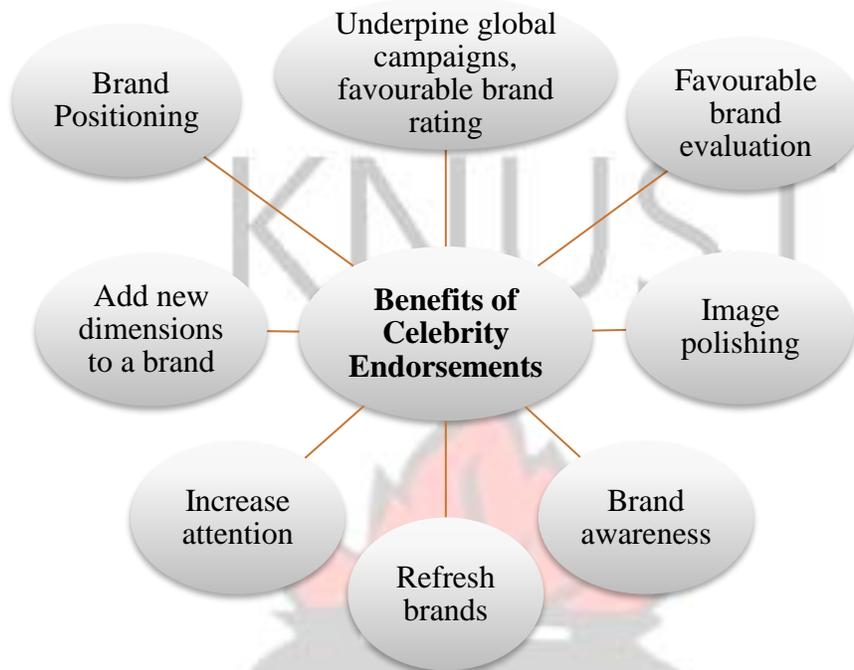


Figure 2.1: Benefits of Celebrity Endorsements

Source: Raluka, 2012

## 2.6 Attributes of Celebrity Endorsers

Advertisers use a variety of criteria, including competence, reliability, resemblance, familiarity, liking, and other qualities, to choose the best celebrity for a product or service. When a company chooses a celebrity as an endorser, it should take into account if the celebrity and the brand are compatible. According to Schimmelfennig & Hunt (2020), the characteristics associated with celebrity that make an endorsement more effective are the basis for a persuasive and convincing celebrity endorsement. The crucial characteristics of celebrity endorsers are covered in the sections that follow:

### **2.6.1 Credibility/Trustworthiness**

A credible and trustworthy celebrity endorser can be very helpful in making the consumer believe in the advertising message and drive attention as well influence a purchasing behaviour (Osei-Frimpong et al, 2019). According to Vidyanata et al., (2018) trustworthiness refers to the “honesty, integrity and believability of an endorser”. Kraa, Osei, Cofie & Quaye, (2018). define trustworthiness as “the measure to which the consumers perceive that the celebrity can communicate a sense of honesty, believability, and integrity through the medium of advertising” while Tegura, (2018) refers to trustworthiness as “the amount of confidence the consumer put on the celebrity for the message delivered by them which is believed to be most convincing”. To reiterate,

David Schoorman, Mayer & Davis, (2016) identify three determinants of trustworthiness: ability, benevolence, and integrity. Ability refers to the agent’s capacity to undertake the task required. Benevolence is the extent to which the agent is seen to want to act in the interest of the principal. Benevolence connotes a positive orientation or attachment between an agent and a specific principal or principals. Integrity is the perception that the agent adheres to a set of principles that the principal considers worthy. Consumers therefore generally consider celebrities as trustworthy source of communicating information (Onu et al., 2019).

### **2.6.2 Attractiveness**

Extant literature demonstrates that in some cases using an attractive celebrity endorser decreases consumers’ self-esteem and eventually lead to negative buying behaviour. Conversely, having a celebrity endorser with an unattractive public image could potentially increase consumers’ self-esteem and have a positive impact on buying behaviour (Sääksjärvi et al., 2016). While this is

surprising findings, Wei & Wu (2013) reveal that if a celebrity has an attractive image, consumers tend to react more positively towards the brand. In Wang & Liu, (2022) source attractiveness model, a celebrity's attractiveness is defined as his/her "ability to win the audience by similarity, familiarity, likeability and attractiveness". The model is based on the assumption that beauty is itself persuasive. Noon, Noon & Singh, (2020) subdivides attractiveness into three distinct categories namely similarity, likeability and familiarity. McCormick (2016) accordingly describes similarity "as the perceived level of commonalities between the celebrity endorser and the consumer" meaning that the greater consumers perceive the endorser similar to him or her, the greater chance of successful product endorsement. Consumers' likeability for the celebrity also goes a long way to elicit some affection and likeness for the product being endorsed. Familiarity according to Awobamise & Jarrar, (2018) is the presumed resemblance as knowledge that a celebrity endorser possesses through exposure. Wo'en, (2016) also defines "physical attractiveness is an informational cue which involves effects that are subtle, pervasive, and inescapable; produces a definite pattern of verifiable differences; and transcends culture in its effects". Physical attractiveness change attitude by directing attention to marketing stimuli. Sometimes the appearance of a celebrity matters more than quality of his arguments. In advertising, where image is important for the product becomes the driving force for persuasion and communicating information. Studies find that attractiveness of celebrity leads to favourable evaluation of products and that product which are linked to a celebrity's physical attractiveness or facial looks influence buying behaviour (Abidin et al, (2021). Martin & Xavier, (2010) reveals that celebrity attractiveness has a positive impact on the kind of endorsement being placed on the product.

### **2.6.3 Expertise**

The term expertise denotes “the extent to which a communicator is perceived to be a source of valid assertions” (Li & Yin, (2018). In order to persuade recipients of information endorser’s expertise has encouraging effect on receivers Gauns et al, (2018). It is believed that consumers are likely to accept information from celebrities who are perceived to have expert knowledge on the brand they endorse. Indeed, Adiba, Suroso & Afif, (2020) if celebrities have strong knowledge and experience, then he/she will ultimately have differential power to pursue due to strong believability. An endorser’s expertise stems from credibility which explains “the extent to which the source is perceived as possessing expertise relevant to the communication topic and can be trusted to give an objective opinion on the subject” (Goldsmith et al., 2000). As such an endorser’s credibility is deemed as “having applicable understanding, knowledge and abilities in relation to their buying behaviour” (Ofosu-Boateng, 2020). In his study, he found out that credibility/expertise was ranked first in celebrity attributes that influence buying behaviour.

### **2.6.4 Acceptance**

For products and services to be accepted by consumers, Park & Lin, (2020) posits that the celebrity endorser must be accepted as well. Khan, Memon & Kumar, (2019) defines what is known as celebrity matchup principle that pertains to celebrity social acceptability indicating that acceptability is critical in for generating positive feedback. Logically Evans, (2019) reasons that audience will not accept products if the celebrity is not seen as perfect match with what they are endorsing. Indeed, they suggest that non-acceptance of celebrities is nothing but only unnecessary expenditure. Babatunde & Mustafa, (2018) states that celebrity acceptance aids “recall and affect” the effectiveness of advertising.

## **2.7 Challenges of Celebrity Endorsements**

The basic assumption underlying celebrity endorsement is that the value associated with the celebrity is transferred to the brand and therefore help create an image that can be easily referred by consumers. However, for organisations, the process of selection and using celebrity endorsements can be challenging. The following sections identify some notable challenges pertaining to the implementation of celebrity endorsements.

### **2.7.1 Cost of Acquiring Celebrities**

In a market where celebrity endorsements play vital role in influencing consumer purchases, it is pertinent for companies to consider the cost for the acquisition of celebrities. According to Khatri, (2006) as early as the 1990's, companies in US spent over \$800 million to acquire talent entertainers, athletes and other high-profile personalities in advertising, sales promotion and PR campaigns. The billions of dollars spent on celebrity endorsers like Britney spears and Tiger woods is an indication that celebrity endorsement activities is an expensive venture. Acquiring celebrities is expensive demanding that companies must have deep pockets to be able to afford the best available celebrities.

### **2.7.2 Negative Publicity**

Research on celebrity endorsements find that whenever the popularity or image of a celebrity goes bad or non-professional, there is a likely negative effect on product. Moreover, an Increase in number of brands endorsed by celebrity may decrease the celebrity worth and influential power and subsequently attract negative publicity (Jamil, & Rameez ul Hassan, 2014). Additionally, when celebrities engage in negative events, they appeal less to customers because product or

service in turn becomes less appealing (Yang, Lu, Zhu & Su, 2015). Moreover, if celebrity endorsers have negative image, same is transferred to the product so that those who use the product are associated with the image. A number of entertainers and athletes who have involved in activities that embarrass the companies whose products they endorsed have led to fall in image of the brand (Soleimani et al, 2020). In the rise and fall of Tiger Woods for example, the grotesque details of his cheating scandal led to an image falter and a subsequent fall stock prices and sales of brands he endorsed (Whiting, 2019). On the other hand, if at any point in time there is a change or negativity in celebrity image, the change may not be in favour of the brand. Scholars argue that a brand's image could suffer damages if its celebrity endorser has a negative reputation in connection with scandals or other types of bad behaviour (Um & Kim, 2016).

### **2.7.3 Multiple Endorsements**

In scanning the advertising space, it is not uncommon to see celebrities endorsing several brands. This is the case of multiple endorsements where a single brand hires multiple celebrities or a single celebrity endorsing multiple brands. According to (Kathri, 2006) this can be controversial as consumers get confused about the brand endorsed when a single celebrity endorses numerous brands. Consequently, brand recall gets reduced and the popularity of the brand is to some extent reduced. Baker however found using multiple celebrities or a single celebrity partially depends on the time scale a campaign is using to have impact. Hung, Chan, and Tse (2011) suggests that celebrity endorsements will be less effective if celebrities are perceived by consumers as having too many endorsements. More so, Mulugeta, (2018) asserted that multi-product endorsement by the same celebrities would lead to overexposure. Multiple exposure also impacts on the

effectiveness of the endorsement itself. Accordingly, Gauns et al, 2018), avers that the frequency of celebrity exposure of the advertisement has a negative impact on purchase behaviour.

#### **2.7.4 Loss of Popularity**

The popularity of the celebrity help creates brand awareness which then promote or increase consumer's attention for the brand which than contribute or create desire and excitement (Kemp, 2011). When a particular celebrity loses his or popularity, experts say the impact on brand is massive (Aaker, 2012). It is the case that an endorsed brand's image could slide down just as quickly as it moved up the consumers mind when the image of famous celebrities that endorsed them suffered in the market (Fleck et al., 2012). A mix match between the image of the popularity and the product can also damage both endorser and the brand. Inherent in a celebrity's loss of popularity is celebrity transgression which specifically identifies celebrity misbehavior that spills over to brands endorsed by the celebrity. Several studies of celebrity transgressions have demonstrated that these have a negative effect on consumer evaluations of brands endorsed by the celebrity (Thomas & Fowler, 2021).

#### **2.7.5 Celebrity Credibility Issues**

Today's marketing endorsement has to deal with a competitive and knowledgeable customer who has begun to voice his opinion about their perception about endorsing a brand. Celebrity is said to befool the public as he is paid to sell and communicate good things about the brand. Hence the question of creditability of the celebrity being chosen to protect the brand is becoming pertinent.

## 2.8 Effect of Celebrity Endorsement on Sales Performance

According to Liu, Zhang & Keh, (2018) recent events justify interest in return of investment on advertising expenditure. Hence, organisations using celebrity endorsements are exploring the financial effects of celebrity endorsements by assessing its impact on sales performance (Bergkvist and Zhou, 2016). Sales performance has been conceptualized in frameworks and various literature reviews to be the result of a vast array of endogenous, moderator, and mediating variables (e.g., Verbeke, Dietz & Verwaal, 2011). In a study by Donassolo and de Matos (2014) there is no consensus in the literature on which factors are more strongly related to sales performance of products. Although some have argued that celebrity endorsements only lead to brand recall and awareness (Segrave, 2015), others suggest that celebrity endorsements influence higher sales performance for organisations that use it. For example, after Chanel signed Nicole Kidman in 2003, it is reported that global sales of Chanel's classic perfume jumped 30% (Ofori-Okyere & Asamoah, 2015).

As a result, some existing studies find a strong relationship between celebrity endorsement and sales performance of organisations. Evidences abound in Ding, Molchanov & Stork, (2011) who conducted research on 110 celebrity endorsement contracts and revealed that the market reacted positively on the mere announcement of celebrity endorsements concluding that celebrity endorsements are profitable. Furthermore, Knittel & Stango, (2014) the Tiger Woods scandal in 2009, impacted on the performance of products he endorsed with shareholders of products losing \$5–\$12 billion as against brands Woods did not endorse. To corroborate, Cheah, Ting, Cham & Memon, (2019) in using reduced form and structural approaches found substantial celebrity endorsement effects on sales performance. Elberse and Verleun (2012) in examining the economic value of celebrity endorsement used 51 athletes' endorsements and corresponding brand sales,

Results in Elberse and Verleun's (2012) study found significant increase in sales (average of 4%) for 43 of 51 endorsements showing a strong relationship between celebrity endorsements and sales performance. In another study, Chung et al., (2013) examined the impact Tiger Woods had on sales of Nike golf balls and found a significant effect of celebrity endorsements on sales.

The dearth of studies and the exclusive focus on athlete endorsers led Bergkvist and Zhou (2016) to call for more research on the relationship between celebrity endorsements and sales in different celebrity types.

According to Deshwal (2015) Celebrity Endorser "is an individual who enjoys public recognition and who uses this recognition on behalf of a consumer good by appearing with it in an advertisement (marketing communication). More so, Ladipo, (2018) in the same vein asserted that celebrity endorsers are individual who uses their public recognition to promote a particular product in an advertisement. Early studies have also reported that celebrity endorsement will tend to affect and influence the feelings and attitude of consumers towards a particular product, which consequently can result to sales maximization (Deshwal, 2015). Moreover, in the article of Jamil & Rameez ul Hassan, (2014) it was found out that celebrity endorsers are more effective and credible when they endorse one or two products, than when they are found endorsing more than two products. Thus, if there are positive links between the brand and the celebrity, then we rightly say that celebrity endorsement is effective. But irrespective of the positivity, the association is riddled with risk (Ladipo, 2018).

Oyenyi (2014) further categorized celebrities on the basis of their Work/Performance area, familiarity level and their demographics. By their Work/Performance area this include entertainers (Musicians, actors and models); Sports figures. By level of familiarity (Local, national and international), (Banyte *et al.*, 2011). Hence, there are some important attributes that endorsers must

possess which attracts marketers, these include: Beauty, power, talent and athleticism (Oyeniya, 2014).

## **2.9 Effect of Advertisement on Alcohol Consumption**

Alcohol according to researchers is one of the most advertised products in both developed and developing economies (Agyare, 2019). The health and social implications (fatal car crashes, risky sex, alcohol addiction; poor grades; impaired decision making; loss of memory; suicide and depression; impaired brain development) of taking alcohol especially among the youth have generated a lot of debate in the literature about alcohol advertising (Amanuel, Morojele, & London, 2018).

Some policy makers call for ban on alcohol advertising, especially adverts that are exposed to the youth and the underage. Studies (Nelson, 2010; Saffer, 2020; Saffer, 2002) have established that alcohol ban has no significant effect on the consumption of alcohol.

In empirical studies by researchers (Leslie et al. 2015; Padon, Rimal, DeJong, Siegel & Jernigan, 2018; Austin, & Knaus, 2000;) alcohol advertising influence alcohol consumption among the youth in developed economies and developing economies, alcohol advertising induces alcohol drinking and also increases consumption.

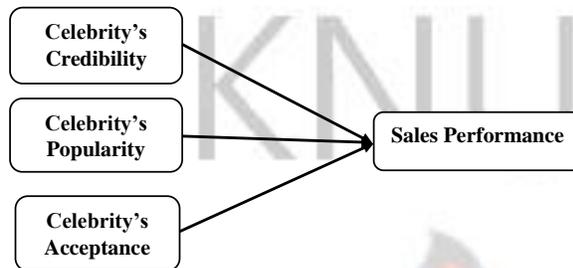
Snyder et al. (2006) established that youth who are exposed to more alcohol advertisements on average drank more (each additional advertisement seen increased the number of drinks consumed by 1% (event rate ratio, 1.01; 95% confidence interval, 1.01-1.02). Youth in markets with greater alcohol advertising expenditures drank more (each additional dollar spent per capita raised the number of drinks consumed by 3% (event rate ratio, 1.03; 95% confidence

interval, 1.01-1.05). Examining only the youth younger than the legal drinking age of 21 years, alcohol advertisement exposure and expenditures still related to drinking.

## **2.10 Conceptual Framework and Hypothesis**

In Apejaye (2013) it was perceived that certain characteristics of a source (celebrity) can positively affect the consumers' attitude towards a product. This has been divided into two strands namely: Source credibility and Source attractiveness. The Source credibility model explains that the acceptance and favorable response towards a product depends on the expertise, trustworthiness and knowledge about the celebrity. Ladipo, (2018) is of the opinion that source of credibility is the "extent to which the celebrity is perceived as possessing expertise relevant to the brand and can be trusted to deliver". In a situation where the celebrity has considerable knowledge and expertise about the product, then the possibility of maximizing sales can be achieved (Pick, 2020). According to the source attractiveness model, the acceptance and response to a particular product by consumers is based on familiarity, likeability and similarity. McCracken (1989) further provides more insight to these concepts of familiarity, likeability and similarity. "Familiarity refers to the knowledge consumers get about the celebrity through exposure in the media; likeability is the affection that celebrity enjoys as a result of the celebrity's physical appearance and/or behavior; and by similarity it is the supposed resemblance between celebrity and the targeted audience". Hence, the physical attractiveness of celebrities can elicit greater social response to a particular product (Apejaye, 2013). The conceptual framework in figure 2.2 conceptualises that celebrity endorsements directly and significantly influence sales performance of Adonko Company Limited.

### 2.10.1 Conceptual Framework



Source: Authors Own Construction, 2022

Figure 2.2 Source: Researcher's own conceptualization

### 2.10.2 Hypothesis of the study

H1: There is a strong and significant relationship between Celebrity's credibility and sales performance.

H2: There is a strong and significant relationship between Celebrity's popularity and sales performance.

H3: There is a strong and significant relationship between Celebrity's Acceptance and sales performance.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.0 Introduction**

The preceding chapters have detailed the background of celebrity endorsements and further discussed pertinent literature in relation to the concept. This chapter of the study elucidates the methodology employed in the data collection and analysis processes. The chapter presents information on research design, population of the study, sampling procedures, sample size, data collection method, data analysis method among others

#### **3.1 Research Design**

The function of a research design is to ensure that the evidence obtained enables us to answer the initial question as unambiguously as possible. According to Islam, (2019). research design “deals with a logical problem and not a logistical problem”. Ruane, (2005) identify four (4) main research designs namely exploratory research, explanatory research, descriptive research and causal research. In Saunders et al., (2009) view exploratory research designs are used to gain insight into concepts and research phenomenon that are relatively unknown or in need of further understanding. Explanatory research focuses on why questions and involves developing causal explanations. Malhotra (2008) opines that descriptive research provides detailed description of a particular phenomenon whiles Rideout & Gray, (2013) further explains that causal research designs are those that assess the impact of one variable on other variables. In this study, an explanatory research design was employed to explain the relationship between celebrity endorsement and sales performance. To further strengthen and enhance the findings, a case study was employed to examine the effects of celebrity endorsement on sales performance using Adonko Company Limited as a case study. A case study was considered in this research because according

to Göttert, (2015) it's an empirical inquiry into contemporary phenomenon within its real-life context especially when the boundaries between phenomenon and context are not clearly evident. Furthermore, Robbins (2005) corroborates that case studies provide illumination into a decision or a set of decisions regarding why they were taken, how they were implemented and what results emerged.

### **3.2 Population of the Study**

Population has been defined as the group of individuals from which a sample is selected (Long, Tang, Shi, Li, Deng, Yuan & Huang, (2020). Population therefore consists of the larger body of individuals who are of interest to a research endeavor. Malhotra (2008) notes that it is from the population that a sampling frame is obtained. The population for the study was 907 which consisted of all employee of Adonko Company Limited.

### **3.3 Sampling Techniques**

Usually, two sampling techniques are available for researchers to choose. These are probability and non-probability. Probability sampling allows each and every unit to have equal chance of being selected while non-probability sampling involves a subjective selection of units where there is no known way of estimating sampling errors (Dolph et al, 2010). Examples include convenience, purposive and quota sampling. This study employed non-probability convenience sampling method to answer the research questions. This was because convenience sampling illustrates each item in the population has the same opportunity of being included in the sample and provides an equal probability for each feasible sample to be selected. Moreover, it enabled the researcher create

a sample that is accurately representative of the real-life interest population and sample units that were conveniently available and accessible.

### 3.4 Sample Size

Malhotra (2008) describes a sample as a representation of a population selected for the purpose of research. Sample size is also defined as the number of items chosen from the universe to form a sample for the research, according to Kothari (2004). In this study, the sample size consisted of management staff, finance and sales persons. These were selected to participate in the study because they are directly in charge of sales, analyses and monitor the performance of the product in the market. This is show in table 3.1 below.

**Table 3.1 Sample Size**

<b>DEPARTMENT</b>	<b>TOTAL NUMBER SO EMPLOYEES</b>	<b>SELECTED EMPLOYEES</b>
Management	13	10
Sale and Marketing	115	80
Finance	15	10
Other employees	764	0
<b>Total</b>	<b>907</b>	<b>100</b>

### 3.5 Sources of Data

Literature reveals that there are two (2) main sources of data; primary and secondary data (Malhotra, 2008). Primary data refers to original data collected for the purpose of a current research, whilst secondary data refers to already existing data (Dolph et al, 2010). In this study primary data was obtained through a survey.

### 3.6 Data Collection Method

Data was collected to a face-to-face administration of questionnaires. This strategy allowed large amount of data to be collected from a sizable population in a highly economical manner. The questionnaire was divided into two (2) main sections. The first section collected information on the demographic background of respondents. The second section elicited information on the key attributes of celebrity endorsers that lead to sales performance of Adonko Company Limited. Items used to measure the various constructs were all adapted from previous study as show in table 3.2.

Table 3.2 Measurement instrument

Variables	Number of items	Author
Sales Performance	6	Brown, & Peterson, (1994).
Celebrity's credibility	6	Honeycutt and Cross (2008)
Celebrity's popularity	4	Honeycutt and Cross (2008)
Celebrity's Acceptance	4	Siddiqui & Khalid, (2018)

### **3.7 Collecting Primary Data**

The research was situated in the Ashanti Region which is becoming cosmopolitan area hosting a number of celebrities. In collecting the primary data, questionnaires were designed with questions anchored on a five-point Likert Scale. After introductory letter has been sought from the Department of Marketing to conduct the study, the researcher contacted Adonko Company Limited to seek permission to administer questionnaires to ten (10) management staff, eighty (80) Sales and Marketing personnel and, ten (10) Finance and administrative staff. Prior to administering the questionnaire, a pilot study was conducted to clarify ambiguous questions and enhance the quality of the questions. After this had been done, the questionnaires were administered to fifty (5) respondents, conveniently sampled to be part of the study. The researcher approached respondents, explained the objectives of the study and allowed them to read and select their answers. The questionnaire was administered in the Kumasi office of Adonko Bitters Company Limited.

### **3.8 Data Analysis Method**

Data analysis process involves data collection editing, coding, classification and tabulation (Kothari, 2004). Smart PLS and Statistical Package for the Social Science (SPSS) was used to analyze, compute and present the findings of the research by examining the formulated hypothesis of the study. According to Bello, Ahmad & Yusof, (2018) “data gathered are statistically analyzed to see if the hypotheses that were generated have been supported.”

### **3.8.1 Reliability and Validation of Data**

Reliability is concerned with a test being consistent, reliable or stable (Kothari, 2008). One activity carried out during the study to ensure that data and results were reliable and free of material error was to pretest the questionnaire. This allowed the investigator to determine the time required to finish the questionnaire, clarify guidelines, correct omissions and generally improve the design of the questionnaire. In contrast, validity of the data focuses on the accuracy and consistency of the data. To achieve this in the current study, data was collected from management, sales and marketing and accounts personnel of Adonko Company Limited using questionnaire.

### **3.9 Ethical Consideration**

Ethics in research is a principle that ensures that all human subjects remain autonomous and judge for themselves what risks are worth taking in any research undertaken (Rallis & Rossman, 2009). With this in mind, the researcher sought the consent of the respondents and provided the assurance that the study was for academic purposes only and that the information provided will be treated with the strictest confidentiality.

## CHAPTER FOUR

### DATA PRESENTATION, ANALYSIS, AND DISCUSSION OF RESULTS

#### 4.0 Introduction

The goal of this section is to process raw data into meaningful results. This is done by using statistical methods to analyze data collected from staffs on the impact of celebrity endorsements on sales performance: Evident from Adonko Company Ltd. In the sub-phase, chapters are introduced. The first stage focuses on the demographic characteristics of the respondents. According to the purpose of the analysis, the main variables in the study and their current relationships are considered in the next stage.

#### 4.1 Demographic Profile of Respondents

The demographic profile of respondents necessary for the study is presented in the Table 4.1 below. Respondents have been profiled according to gender, age, academic qualification, and marital status.

**Table 4.1: Demographic Characteristics of the Respondents**

Variables	Categories	Frequency	Percent
Gender	Male	64	64.0%
	Female	36	36.0%
	Total	100	100.0
Age	16-20years	40	40.0%
	21-30years	25	25.0%
	31-40years	32	32.0%
	41-50years	3	3.0%

	Total	100	100.0
Educational status	JHS	3	3.0%
	SHS	20	20.0%
	Diploma	18	18.0
	Degree	32	32.0
	Post Graduate	27	27.0
	Total	100	100.0
Department	Management	10	10.0%
	Sale and Marketing	79	79.0%
	Finance	11	11.0%
	Total	100	100.0

Source: Field data (2022)

The above table contains the demographic profile of respondents that were engaged for the study. The results showed that out of 100 (100%) respondents, 64(64%) were males and 36(36%) were females. This shows that majority of the respondents were males, as compared to females. Furthermore, the results showed that 40 (40%) of the respondents were between 16- 20 years, 25 (25%) were between 21 to 30years, 32 (32%), of the respondents were between 31 to 40 years and 3 (3%) of the respondents were 41-50 year. Thus, majority of the respondents were between 16 to 20 years. As regard the educational level of the respondents, those with JHS as their highest educational level were 3 (3%). SHS educational level had 20 (20%). Respondents with diploma were 18 (18%), Degree holders were 32 (32%) and Postgraduate level had 27 (27%). The results showed that 10 (10%) were management members, 79 (79%) were sale and marketing personals and 11 (11%) were finance personals.

## 4.2 Structural Equation Modelling Results and Analysis

This hypothesis was tested by using structural equation modeling (SEM). The study used the two-stage approach recommended by Anderson and Gerbing (1988). According to (Afthanorhan, (2014), the two-stage approach gives accurate representation reliability of individual constructs and attempts to avoid any relationship between measurements and structural equation models.

**Table 4.2 Validity and Reliability results**

Research constructs	Cronbach's alpha	Rho_A	CR	AVE	Loadings
<b>Celebrity's Acceptance</b>	<b>0.916</b>	<b>0.937</b>	<b>0.940</b>	<b>0.797</b>	
<b>CA1</b>					<b>0.896</b>
<b>CA2</b>					<b>0.881</b>
<b>CA3</b>					<b>0.898</b>
<b>CA4</b>					<b>0.895</b>
<b>Celebrity's Credibility</b>	<b>0.943</b>	<b>0.949</b>	<b>0.954</b>	<b>0.776</b>	
<b>CC1</b>					<b>0.886</b>
<b>CC2</b>					<b>0.876</b>
<b>CC3</b>					<b>0.874</b>
<b>CC4</b>					<b>0.863</b>
<b>CC5</b>					<b>0.891</b>
<b>CC6</b>					<b>0.896</b>
<b>Celebrity's Popularity</b>	<b>0.903</b>	<b>0.911</b>	<b>0.932</b>	<b>0.773</b>	
<b>CP1</b>					<b>0.894</b>
<b>CP2</b>					<b>0.891</b>

CP3					0.877
CP4					0.855
Sales Performance	0.839	0.851	0.885	0.607	
SP1					0.750
SP2					0.730
SP3					0.786
SP4					0.835
SP5					0.792

Source: Field data (2022)

### 4.3 Validity and Reliability of Results

Reliability tests were performed to ensure the level of consistency in measuring the intentional underlying structure. To assess reliability results, Cronbach's alpha was used, which exceeded the satisfactory level  $>.70$ . However, this suggests a higher reliability of the instrumentation employed (Nunnally, 1978). As can be seen from Table 4.1, the composite reliability (CR) values were also above or above 0.80, and the average variance of the extraction was  $>.50$ , demonstrating the convergent validity of measuring the individual items of a single concept when they were consistent and indicating sufficient. The internal reliability construct of (Fornell and Larcker, 1981; Hair et al., 2012; Babin et al, 2016).

### 4.4 Discriminant Validity

Discriminant validity, as defined by (Babin and Zikmund, 2016; Campbell & Fiske, 1959), is the degree to which measurement items differ from each other. Therefore, on the latent variable

correlation diagonal, the square root of AVE is included (see Table 4.2). Because these square root values are larger than similarly constructed correlations, we can state that this condition is satisfied and the measurement model is valid (Fornell et al., 1981; Hulland, 1999). The cross loadings also demonstrated that goods load greater on their respective structures than on another build (i.e., over 0.60), see Table 4.3. Because all of the items had loadings greater than 0.60, none were removed.

**Table 4.3: Discriminant Validity**

	<b>CA</b>	<b>CC</b>	<b>CP</b>	<b>SP</b>
<b>Celebrity's Acceptance</b>	0.893			
<b>Celebrity's Credibility</b>	0.283	0.881		
<b>Celebrity's Popularity</b>	0.579	0.369	0.879	
<b>Sales Performance</b>	0.334	0.612	0.565	0.779

Source: Field data (2022)

**Table 4.4: Cross Loadings**

	CA	CC	CP	SP
CA1	0.896	0.220	0.606	0.355
CA2	0.881	0.193	0.479	0.231
CA3	0.898	0.284	0.477	0.313
CA4	0.895	0.313	0.481	0.264
CC1	0.260	0.886	0.406	0.555
CC2	0.250	0.876	0.342	0.587
CC3	0.226	0.874	0.270	0.615
CC4	0.319	0.863	0.373	0.440
CC5	0.207	0.891	0.248	0.454
CC6	0.244	0.896	0.315	0.538
CP1	0.471	0.304	0.894	0.533
CP2	0.464	0.375	0.891	0.538
CP3	0.509	0.332	0.877	0.493
CP4	0.626	0.280	0.855	0.406
SP1	0.257	0.417	0.390	0.750
SP2	0.322	0.317	0.463	0.730
SP3	0.266	0.623	0.484	0.786
SP4	0.266	0.513	0.451	0.835
SP5	0.200	0.454	0.408	0.792

Source: Field data (2022)

#### 4.5 Coefficients of Determination (R<sup>2</sup>) and adjusted R<sup>2</sup> (R<sup>2</sup> adj.)

The determinant coefficient (R<sup>2</sup>) denotes the precision with which structural models can predict constructs. The R<sup>2</sup> values of endogenous latent variables in the route model are maximized using the PLS–SEM approach. When R<sup>2</sup> values are 0.75, 0.50, or 0.25, they are significant and weak, accordingly. In order to boost the explained variance R<sup>2</sup>, the R<sup>2</sup> adj. value decreases the R<sup>2</sup> value to adjust for the addition of non-significant exogenous latent variables. Table 4.5 demonstrates that the model has a predictive accuracy (R<sup>2</sup> adjusted) value of 0.494 for sale performance, Liao, and McGee, (2003).

**Table 4.5: Coefficients of determination (R<sup>2</sup>) and R<sup>2</sup> adjusted**

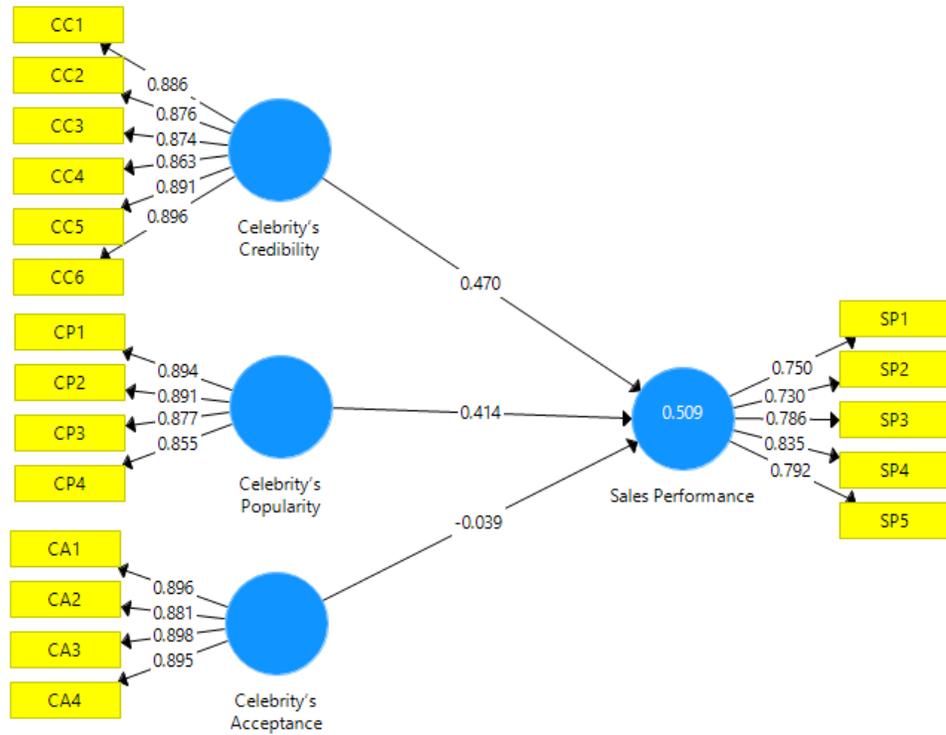
	R Square	R Square Adjusted
<b>Sales Performance</b>	0.509	0.494

Source: Field data (2022)

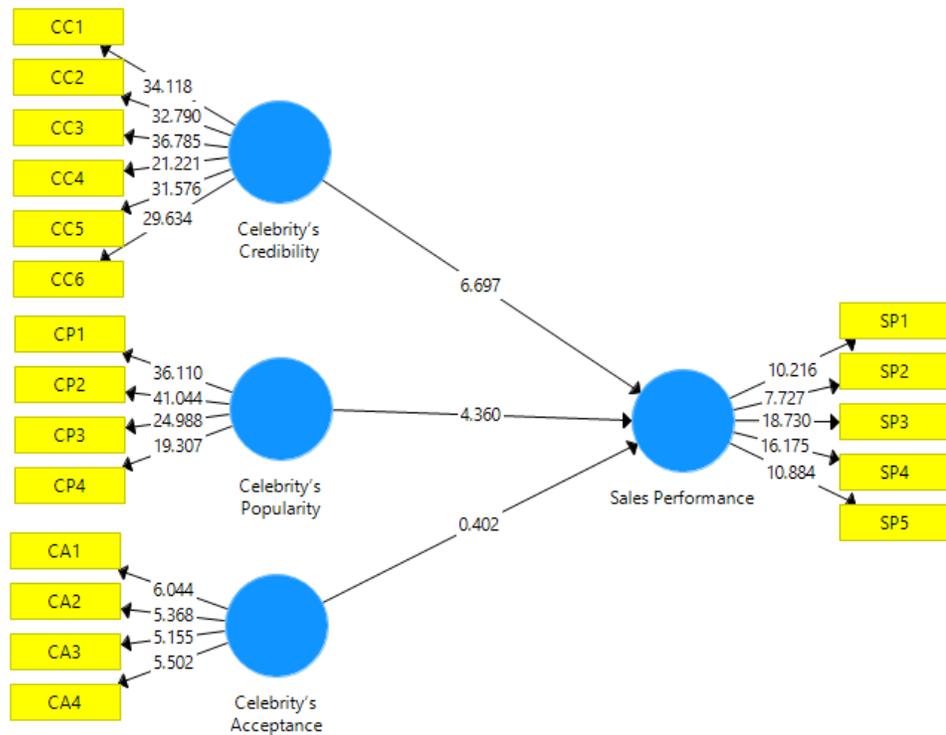
**Table 4.6 Model Fit Summary**

	Saturated Model	Estimated Model
<b>SRMR</b>	0.071	0.071
<b>d_ULS</b>	0.949	0.949
<b>d_G</b>	0.511	0.511
<b>Chi-Square</b>	277.507	277.507
<b>NFI</b>	0.821	0.821

**Figure 4.1: The variables confirm that the model fits the data perfectly.**



**Figure 4.2: Structural model of the path coefficient.**



**Table 4.7: Structural Analysis**

Study's hypothesis	Hypothesis	Path coefficients	T -Statistics	P -Values	Supported/ Rejected
<b>CA-&gt; SP</b>	H1	-0.039	0.402	<b>0.688</b>	Rejected
<b>CC-&gt; SP</b>	H2	0.470	6.697	<b>0.000</b>	supported
<b>CP-&gt; SP</b>	H3	0.414	4.360	<b>0.000</b>	supported

Source: Field data (2022)

Note: CA=Celebrity's Acceptance; CC=Celebrity's Credibility; CP = Celebrity's Popularity whereas SP=Sales Performance. \*Significance at  $p < 0.05$ ; \*\*Significance at  $p < 0.01$ ; \*\*\* Significance at  $p < 0.001$ .

#### **4.6. Summary of the hypothesized relationships.**

The study assessed the impact of celebrity endorsements on sales performance: Evident from Adonko Company Ltd. Table 4 and Figure 2 revealed the outcomes of the tests of the hypotheses on the association between each of the factors. Celebrity's acceptance ( $\beta = -0.039$ ,  $t = 0.402$ ,  $p = 0.688$ ) was found not to have a significantly positive effect on sales performance, thus rejected H1. Celebrity's credibility ( $\beta = 0.470$ ,  $t = 6.697$ ,  $p = 0.000$ ) was found to have a significantly positive effect on sales performance, thus supported H2. Celebrity's popularity ( $\beta = 0.414$ ,  $t = 4.360$ ,  $p = 0.000$ ) was found to have a significantly positive effect on sales performance, thus supported H3.

#### **4.7 Discussion**

The study's purpose was to establish a link between celebrity endorsements elements and sales performance: Evident from Adonko Company Ltd. The specific objectives for the study were analyze and the empirical findings support all the hypotheses as follows:

#### **4.7.1 Relationship Between Celebrity's Acceptance and Sales Performance**

This objective of the study sought to examine the relationship between celebrity's acceptance and sales performance. The researchers wanted to find out the direction and strength of the relationship as a means of determining if celebrity's acceptance had an effect on sales performance. The regression result shows that, celebrity's acceptance ( $\beta = -0.039$ ,  $t = 0.402$ ,  $p = 0.688$ ) was found not to have a significantly positive effect on sales performance. These findings do not support a study by Prakash, Roy & Chaturvedi, (2014) which revealed that a celebrity's acceptance influence sale performance. The results are presented in table 4.7 above.

#### **4.7.2 Relationship Between Celebrity's Credibility and Sales Performance**

This objective of the study sought to examine the relationship between Celebrity's credibility and sales performance. The regression result shows that, celebrity's credibility ( $\beta = 0.470$ ,  $t = 6.697$ ,  $p = 0.000$ ) was found to have a significantly positive effect on sales performance. Also, the data from the respondents show that there exists a major relationship between the credibility of the endorser of a product and its sales performance among Adonko Company Limited's products. This shows that, the effectiveness of a communication is commonly assumed to depend to a considerable extent upon who delivers it (Svensson, 2004). The results are presented in table 4.7 above.

#### **4.7.3 Relationship Between Celebrity's Popularity and Sales Performance**

This objective of the study sought to examine the relationship between celebrity's popularity and sales performance. The researchers wanted to find out the direction and strength of the relationship as a means of determining if celebrity's popularity had an effect on sales performance. The regression result shows that, celebrity's popularity ( $\beta = 0.414$ ,  $t = 4.360$ ,  $p = 0.000$ ) was found to

have a significantly positive effect on sales performance. This is in conformity with the views of Diehi and Terlutter (2006) that a successfully endorsed advertising campaign by a reputable celebrity has the ability to achieve the advertising objective of boosting product or service sales. The results are presented in table 4.7 above.



## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.0 Introduction**

The purpose of this study is to investigate the effects of celebrity endorsements on sales performance: Evident from Adonko Company Ltd. This chapter presents the summary of the

findings of the study, draws conclusions and makes policy recommendations based on the findings of the study.

### **5.1 Summary of Findings**

This section presents a summary of the analyzed data and relates it to the research objectives and the formulated hypothesis. It summarizes the determinants of celebrity endorsements on sales performance: Evident from Adonko Company Ltd.

The results of this study generally confirm the existence of a significant relationship between celebrity visibility and acceptance as a measure of celebrity endorsement and sales performance. But don't ignore celebrity credibility, as it appears to be negative compared to the other constructs studied in this study. Thus, this finding corroborates the studies of (Vipul, 2011; Deshwal, 2015; Pughazhendi and Ravindran, 2012; Oyeniyi, 2014; Patel, 2015; Giridhar, 2012).

### **5.2 Conclusion**

In particular for Adonko Company Ltd in the Ghanaian market, celebrity endorsements may be a very profitable advertising technique for consumer goods. The dimensions and traits of celebrity endorsements employed in this study are significant, according to the regression analysis's results of the hypothesis test. The popularity, acceptance, and credibility of the celebrity should therefore be given more weight by Adonko Company Limited when selecting celebrity spokespersons. Businesses should understand that a brand should be bigger than the celebrity in order to avoid having the celebrity dominate the product, which would negate the objective of the brand and make it outdated.

### **5.3 Recommendations for Management**

It is suggested that firms should strengthen the use of celebrity's endorsers to promote their products, and strictly evaluate and pay attention to the popularity and credibility of stars, in this order. But that doesn't rule out celebrity acceptance, which can also be used to boost and protect a brand's image. In addition, celebrity endorsements will be more effective with consistent use of celebrity endorsements over time to increase the strength of the bond between the celebrity and the endorsed brand. In addition to the above, celebrity endorsements are more effective when the ad is executed simply, cleanly and without irrelevant design elements. Follow celebrities and brands at the same time. Additionally, celebrity endorsements are more effective when using celebrities who are not already closely associated with other products or services. Finally, celebrity endorsements are more effective when using celebrities who have a high "fit," "alignment," or "sense of belonging" to the endorsed brand. Celebrity endorsers can be used effectively to reinforce and/or create the image of a product or service.

### **5.4 Limitations and Directions for Future Research**

The aim of this study is to make a significant contribution to the field of marketing, especially as it relates to brands. The authors believe that this study will help future researchers obtain ancillary data to support their studies. This study is limited to celebrity endorsements and their impact on sales performance. Future research should explore the impact of multiple celebrity endorsements on the brand endorsed by a celebrity. In addition, future research must also explore the breadth and depth of influence that celebrities have on their endorsement products. More importantly, it is necessary to uncover the capacities for endorsement in developing nations like Ghana and to broaden celebrity endorsement studies to industrial items. Finally, future research on this topic



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The logo of KNUST (Kenya National University of Science and Technology) is centered in the background. It features a yellow eagle with its wings spread, perched on a green shield. Above the eagle is a red and white emblem. The entire logo is set against a light grey background.

## APPENDIX 1

### Questionnaire

I am final year Master of Business Administration (MBA) student conducting a study on: **The Effects of Celebrity Endorsements on sales performance: A case study of Adonko Company Limited**. The information you provide will be used for academic purposes only, and confidentiality is assured. Kindly spend few minutes of your time to complete the questionnaire.

### SECTION A: DEMOGRAPHIC INFORMATION

1. Gender: Male [ ] Female [ ]

2. Age: 18-30 years [ ] 31-40 years [ ] 41-50 years [ ] 60 years and above [ ]
3. Educational Background: J.H.S. [ ] S.H.S. [ ] Diploma [ ] Degree [ ] Postgraduate [ ]
4. Department:  
 Management [ ] Sale and Marketing [ ] Finance [ ]

**SECTION B: CELEBRITY ENDORSEMENTS ON SALES PERFORMANCE**

Please indicate with a tick, which number most proximately captures your response to the statements below on the scale of 1 to 5 indicating the extent of you agree or disagree (1- strongly disagree; 2- disagree; 3- neutral; 4-agree; and 5-strongly agree).

<b>SALES PERFORMANCE</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
5	Celebrity endorsement has increased the sales level of Adonko Company Limited					

6	Sales performance of product has increased since the product was launched with the celebrity					
7	Compared to other products in the categories in the industry, the impact of the celebrity endorsement on Adonko Company Limited has been positive					
8	The market share of Adonko Company Limited is gradually increasing					
9	Sales-personnel sell more of Adonko Company Limited because the company uses celebrity endorsements as selling point					
10	The attributes of celebrities endorsed has impact on the sales performance of Adonko products					
	<b>Celebrity's credibility</b>					
11	Celebrity trustworthiness leads to high patronage.					
12	Celebrity expert leads to high patronage.					
13	Celebrity image and values lead to high patronage.					
14	Celebrity Likeability leads to high patronage.					
15	Celebrity reliability leads to high patronage.					
16	Celebrity sincerity leads to high patronage.					
	<b>Celebrity's popularity</b>					
17	Customers could 'relate to 'our celebrities to Adonko products.					

18	In some respects, customers tried to emulate our celebrities						
19	Our endorsed celebrities had (has) an endorsement contracts with different companies.						
20	Celebrities endorsed help our customers to recognize our brands.						
<b>Celebrity's Acceptance</b>							
21	The presence of the celebrities endorsed helps our customers to recognize our brands						
22	Our celebrity endorsed adverts grab more attention than ordinary adverts						
23	Our customers are able to identify our product because of the celebrities associated with it						
24	Our endorsed celebrities increase the awareness of our products.						

Thank You

