Celebrity Endorsement as Moderating Variable on the Relationship between Loyalty and Corporate Credibility of Travel Companies in Aceh

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Abstract:

To increase customer loyalty, travel companies in Aceh use celebrity endorsement to help promote their products. The purpose of this study was to examine important criteria in creating customers’ loyalty. The effect of celebrity endorsement as moderating variabel on the relationship between loyalty and corporate credibility are investigated for this purpose. A sample was drawn from umrah pilgrims in Aceh with 220 respondents. Primary data was used in this study in form of questionnaire with Likert scale. SPSS was used to analyze demographic characteristics of the respondents and descriptive analysis. AMOS 22 was adopted for the Structural Equation Modeling of the survey model for verified analysis using regression weight/loading factor. The findings of this study have shown significant relationships among the variables under investigation. Celebrity endorsement was found as moderating variable between corporate credibility and customers loyalty. The results of this study could provide input for travel companies in Aceh to use celebrity endorsement if they wanted to increase customer loyalty of umrah pilgrims.

Keywords: celebrity endorsement, corporate credibility, loyalty, umrah pilgrims, Aceh

1. Introduction:

The growing economy and rapid thriving business activities demand companies to develop and improve their marketing strategy to attract and maintain their customers (Jaeil et al., 2013). Marketing strategy is a marketing logic in which the companies hope to create value of customers and reach profitable relationship (Kotler, 2008). In relationship marketing, companies do not seek immediate sales but long-term supplier-customer relationship (Kotler & Keller, 2012). If it is properly implemented, they will focus on managing their customers. It is ongoing relationship between buyer and seller (Dwyer, Schurr & Oh, 1987). Despite the same products being offered, the right promotion to the market target will make the products...
easy to be accepted by candidate customers. Some things that the companies need to consider to attract customers are advertisement media and the person who starred in the advertisement (celebrity endorser). Celebrities will attract customers’ attention and the products being endorsed by them will be easier to remember. To create image and customers’ trust, the celebrity endorsers have to be selected in accordance with the endorsers’ characters and customs or habits. Babu conducted a research (2014) saying that celebrity endorser could influence customers in purchase.

In Aceh, celebrity endorsers are used to help promote umrah and special hajj packages, usually being offered by travel companies. The phenomenon that will happen is that hajj and umrah pilgrims will give their trust and be more satisfied if their pilgrimage is accompanied and guided by special people such as ustaz, ulama and tengku that they believe in. Guides of umrah and special hajj are promotion tools for Umrah and Special Hajj Travel Companies. Competent and knowledgeable in religion guides and those with good ability of da’wah are expected to give comfort to customers when doing their umrah and hajj, so they can attract customers’ interest.

Advertisements of a Special Hajj and Umrah Travel Company often display the name of umrah guide clearly. The Umrah guide is usually a religious leader or a celebrity who are well-known to the public. It is a strategy of a Special Hajj and Umrah Travel Company in selling its programs to the customers.

As an example, some Special Hajj and Umrah Travel Companies often use leader of Islamic Boarding School (pesantren) in Aceh. Thus, umrah pilgrims that once studied in the Islamic Boarding School concerned will be happier in using travel companies that ask the Islamic Boarding School leaders as their umrah guide. The function of Hajj and Umrah guide can be synchronized with the function of an actor in promoting his movie. According to Albert (2007), actors can be categorized as stars due to several reasons: They have ability in acting, have prominent nature that can attract customers, can be free publications, and can secure investments. In other words, it can be said that actors are lucky people. Those functions are expected to appear in a Special Hajj and Umrah guide. They are expected not only to be guides but also to lift the image and/or sales of a Special Hajj and Umrah Travel Company. Hence, the purpose of the study is to see and/or observe roles of celebrity endorser that the Special Hajj and Umrah Travel companies use in Aceh as moderate variable that influence the relationship between Special Hajj and Umrah pilgrims’ loyalty and corporate credibility.

2. Literature Review:

2.1 Celebrity Endorsement:

Celebrities are defined as famous individuals who reach fame that makes them popular and well known to the public. Culture development in the society makes them curious about the celebrities’ personality (Young and Pinsky, 2006). As a popular and well known person, a celebrity is often used to support an advertisement. Approximately one out of six advertisements in the world uses celebrities in their advertisements. Celebrity endorser is a promotion which companies do in using celebrities as supporters in the advertising media to advertise a product. Byun (2014) categorizes five components of celebrity endorser:

1. Credibility
2. Attractiveness
3. Expertise
4. Trustworthiness
5. Celebrity Match-Up Product

In travel companies, personal endorsement holds a very important role. Umrah pilgrims will be happier and gladder if they do their pilgrimage with trusted ustazd or religious leader (ulama). Hence, the company that uses the right endorser will be chosen or liked more by the umrah pilgrims.

2.2 Corporate Credibility:

Priyono (2008) states every marketer craves high customer loyalty and every effort to defend it. One of the efforts made to generate customer loyalty, namely by creating a positive corporate credibility. Hawkins et al.
Celebrity endorsement as moderating variable on the relationship between loyalty and corporate credibility of travel companies in Aceh

(2004) states that there is a relationship between the credibility of the company with customer loyalty, i.e., the intention of repeat purchase and the desire to recommend to others. Shabazz & Abu An-Nagary (2008) stated that consumer confidence obtained will result in the emergence of customer loyalty to the company that customers will still come to the company as and still shop for products or services in the company even though many competitors with better quality and price. Gaunaris & Venetis (2002), the development of self-confidence in consumers directly affects the performance of service and success to attract consumers. Ravald & Gronroos (1996) illustrate that the perceived value consumers can build relationships with consumers, corporate credibility, trust, and consumer loyalty.

2.3 Customer Loyalty:

Griffin (2015) states if loyalty is a form of behavior from units of decision makers in doing continuous purchase upon goods or service from chosen companies. Loyalty is a form of behavior from units of decision makers or customers’ commitment to buy, consume or use goods or service continuously from a chosen company within an uncertain period of time. Dick & Basu (2014) stated that loyalty is the behavioral response being expressed over time through decision that is made among available alternatives. According to Griffin (2015), customers’ loyalty is behavior compared to attitude, a loyal customer will pay attention to purchase attitude that can be defined as regular purchase pattern in a long time, which is done by units of decision makers.

Loyal customers are invaluable assets to the company. Griffin (2015) defined loyal characteristics as (1) doing repeat purchases, (2) purchasing across product lines, (3) inviting other people to use the same product or service (referrals), and (4) rejecting other competitors’ products (retention).

Indicators that can be used in reference to Griffin’s opinion (2015) are: (1) using travel agency service actively, (2) inviting other people to visit the travel agency, (3) telling other people about the positive image of the travel agency, and (4) retention towards competitor travel agencies as the customers think that the travel agency is trustworthy.

Indicators of Special Hajj and Umrah customers’ loyalty are:

1. Repeat Purchase: loyalty in re-using the travel agency in the next umrah pilgrimage
2. Retention: immunity towards negative influence about companies. Despite many fraud cases involving Special Hajj and Umrah Travel Agencies, very loyal customers will not be influenced and may still use the service
3. Referrals: totally referring the existence of Special Hajj and Umrah Travel Agencies being used (Ahmad Mardalis, 2015).

2.4 Research Model and Hypothesis:

The description of thought in prior has built background and direction for the theoretical research model arrangement. The research model being used in the research is depicted in the following scheme:

![Research Model Diagram]

**Picture 1. Research Model**

Seeing the problems and literature review, a hypothesis of the study can be formulated as the followings:

H1: Corporate credibility, celebrity endorsement, and customer loyalty of Special Hajj and Umrah Travel Company in Aceh are at a good level.
3. Methodology:

3.1 Location of the Study:

The analysis and observation units of the study were pilgrims of Special Hajj and Umrah in Aceh. The study was conducted on a time horizon by also using one snapshot cross section as its data type. The study was designed in descriptive and validating. Descriptive studies aim to get pictures or descriptions on corporate credibility, celebrity endorsement and customer loyalty. The gained data will be elaborated in terms of numbers or figures, percentage and tables so they are easy to understand and interpret. Validating researches aim to know the relationship among variables through hypothesis tests by using statistical calculations (Nazir, 2011).

In collecting the data, the study used survey descriptive and survey validating methods. Through those methods, descriptions on variables being studied and their relationships can be seen clearly. Survey method being used in the study was by doing measurement towards quantitative and qualitative characteristics of their analysis units. The survey concerned was conducted to the chosen population. In the survey technique, the information is gathered from respondents by using questionnaires (Arikunto, 2010).

3.2 Population and Samples:

The population of the study was all pilgrims of Umrah in Aceh who have done their Umrah within the last 1 year (2016 – 2017) on licensed Umrah Travel Companies (Companies that have got official license from Ministry of Religion to conduct Umrah). The total sampling needed was distributed proportionally to 5 licensed Umrah Travel Agency companies in Aceh. Thus, number of samples in licensed Umrah Travel companies in Aceh is depicted in the following table:

<table>
<thead>
<tr>
<th>No</th>
<th>Name of Travel Company</th>
<th>Location</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>PT. Asra Prima Travel Tour</td>
<td>Banda Aceh</td>
<td>23</td>
</tr>
<tr>
<td>2</td>
<td>PT. Natari Tour &amp; Travel</td>
<td>Lhokseumawe</td>
<td>30</td>
</tr>
<tr>
<td>3</td>
<td>PT. Dian Almaaz Wisata</td>
<td>Banda Aceh</td>
<td>36</td>
</tr>
<tr>
<td>4</td>
<td>PT. Mafaza Tour &amp; Travel</td>
<td>Banda Aceh</td>
<td>14</td>
</tr>
<tr>
<td>5</td>
<td>PT. Lintas Iskandaria</td>
<td>Banda Aceh</td>
<td>117</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td>220</td>
</tr>
</tbody>
</table>

Source: Primary Data (2017)

3.3 Tools of Data Analysis:

Primary data was used in the study in the form of questionnaire with Likert scale. SPSS and descriptive analysis were used to analyze demographic characteristics of the respondents. Varian or Component-based Structural Equation Modeling (SEM), AMOS 22.0, was used as the analysis tool in validating research. The equation model of SEM is a group of statistical techniques which enable tests towards a relatively and simultaneously complicated relationship (Ferdinand, 2014).
3.4 Hypotheses Testing:

After the model meets the conditions and requirements, the next step to do is regression weight/loading factor test.

1. Descriptive hypotheses testing. This hypothesis is determined by seeing the average respondents’ responses towards the statements. If the average value of respondents’ responses is ≥ 4, **Ho is not denied**, but if the average value of respondent’s responses is < 4, **Ho is denied**.

2. The hypothesis testing is based on the CR value on the level of trust of 95%. If the CR value is > 1.96 and P value is > 0.05, **Ho is not denied** and if the CR value is < 1.96 and P value is > 0.05, **Ho is denied**.

4. Findings and Discussion:

Based on recent reports, Muslims are one of the largest targets of the tourism sector since the Muslim population comprises a global market of 2.1 billion potential consumers (Muslim Population Worldwide, 2014). In general, although religious-based tourism is expanding, there is not much information about the phenomenon of religious tourism, particularly pilgrimage tourism such as Umrah (Egresi et al., 2012). Research on this thriving sector is limited, thus knowledge about this trend remains scarce. Until recently, relatively little attention has been given to the subject matter in tourism literature because of the complex relationship between tourism and religion. Researchers are now taking an interest in the study of religious tourism and the associated issues concerning the service quality provided by the tour operators.

The significant growth of this industry has attracted the attention of marketers to invest largely on understanding Muslim tourist’s needs and their intention towards the travelling packages. Consequently, to fully understand what motivates pilgrims to purchase Umrah packages, the tour providers need to recognise the factors that affect the behaviour of Muslim travellers in regards to their trust and loyalty. Previous literature has provided insights from other industries, such as services in general, which might be relevant to the religious tourism with regards to identifying the predicting factors.

Table 2 depicts the demographic profile of 220 respondents. The demographic profile includes the respondent’s gender, age, marital status, education level, income, occupation and how many times do umroh using this travel.

**Table 2 Demographic profile of respondents (n = 220)**

<table>
<thead>
<tr>
<th>Categories</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>141</td>
<td>64.1</td>
</tr>
<tr>
<td>Female</td>
<td>79</td>
<td>35.9</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>21 - 30</td>
<td>21</td>
<td>9.6</td>
</tr>
<tr>
<td>31 - 40</td>
<td>116</td>
<td>52.7</td>
</tr>
<tr>
<td>41 - 50</td>
<td>53</td>
<td>24.1</td>
</tr>
<tr>
<td>51 - 60</td>
<td>30</td>
<td>13.6</td>
</tr>
<tr>
<td>&gt;60</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marital Status</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Married</td>
<td>134</td>
<td>60.9</td>
</tr>
<tr>
<td>Single</td>
<td>86</td>
<td>39.1</td>
</tr>
<tr>
<td>Education level</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diploma</td>
<td>14</td>
<td>6.4</td>
</tr>
<tr>
<td>Degree</td>
<td>146</td>
<td>66.3</td>
</tr>
<tr>
<td>Masters</td>
<td>53</td>
<td>24.1</td>
</tr>
<tr>
<td>Others</td>
<td>7</td>
<td>3.2</td>
</tr>
<tr>
<td>Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rp. 4.000.000 – 5.999.000</td>
<td>8</td>
<td>3.6</td>
</tr>
<tr>
<td>Rp. 6.000.000 – 6.999.000</td>
<td>18</td>
<td>8.2</td>
</tr>
<tr>
<td>Rp. 7.000.000 – 7.999.000</td>
<td>77</td>
<td>35.0</td>
</tr>
<tr>
<td>Rp. 8.000.000 – 8.999.000</td>
<td>67</td>
<td>30.5</td>
</tr>
<tr>
<td>&gt; Rp. 9.000.000</td>
<td>50</td>
<td>22.7</td>
</tr>
</tbody>
</table>
According to Table 2, the results showed that the majority of respondents are male (64.1%) and middle aged. The majority of the respondents are married (60.9%) and educated are bachelor degree (66.9%). The majority of the respondents have a monthly salary of between Rp. 7,000,000 and Rp.9,000,000. The majority of the respondents work within the government sector (65.9%). The majority of respondents performed Umrah twice (55.0%), and three times (31.4%) the others respondents performed more than three times.

Descriptive data is to display a general description of respondents' answers to the statements contained in the questionnaire. Description of the research data can be used to enrich the discussion, through the description of the data can be known how the responses of respondents to each variable being studied. Based on responses from 220 respondents about the research variables, the researchers will describe in detail the respondents' answers grouped in descriptive statistics. Empirical description of the data used in the study descriptively using the mean (mean). Through the mean number will be known to what degree of respondent perceptions of the variables that become indicators in this study. To make it easier to interpret the variables being studied, categorization of respondents score was done. Descriptive analysis is done referring to each indicator that is on the variables studied.

Descriptive analysis will be used to test the hypothesis by looking at the average value of the respondent's response to the statement, if the average value of respondents ≥ 4 then Ho is not rejected, and if the average value of respondents < 4 then Ho is rejected.

### Table 3 Descriptive Analysis Result

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Average Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Credibility</td>
<td>4.23</td>
</tr>
<tr>
<td>Celebrity Endorsement</td>
<td>4.37</td>
</tr>
<tr>
<td>Customer Loyalty</td>
<td>4.48</td>
</tr>
</tbody>
</table>

Source: Primary Data, 2017 (processed)

It is seen in Table 3 that average value of respondents' answers towards variables being used in the study such as corporate credibility, celebrity endorsement and customer loyalty shown are good. It is clearly shown as average value of respondents' answer is ≥ 4.
Table 4 Result of Model Estimation Regression Weights: (Group number 1 - Default model)

<table>
<thead>
<tr>
<th>Dep.Var</th>
<th>Ind.Var</th>
<th>Estimate</th>
<th>S.E.</th>
<th>C.R.</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Loyalty</td>
<td>Corporate Credibility</td>
<td>.071</td>
<td>.042</td>
<td>2.242</td>
<td>.048</td>
</tr>
<tr>
<td>Customer Loyalty</td>
<td>Celebrity Endorsement</td>
<td>.023</td>
<td>.009</td>
<td>2.557</td>
<td>.011</td>
</tr>
<tr>
<td>Customer Loyalty</td>
<td>Celebrity Endorsement</td>
<td>.564</td>
<td>.026</td>
<td>21.403 ***</td>
<td></td>
</tr>
</tbody>
</table>

Based on the estimated result in prior, some conclusions can be drawn as the followings:

1. Corporate credibility affected significantly towards customer loyalty at Special Hajj and Umrah Travel Company in Aceh. It is because probability value is 0.048 or less than 0.05 and CR values is 2.242 (CR > 1.96). The value if positive estimation is 0.071 which means the effect is positive, or in other words if corporate credibility is improved, customer loyalty will also be improved.

2. Celebrity endorsement affected significantly towards customer loyalty at Special Hajj and Umrah Travel Company in Aceh. It is because probability value less than 0.05 (*** < 0.05) and CR values is 21.403 (CR > 1.96). The value if positive estimation is 0.564 which means the effect is positive, or in other words if celebrity endorsement is improved, customer loyalty will also be improved.

3. Interaction variables between corporate credibility and celebrity endorsement affected significantly towards customer loyalty at Special Hajj and Umrah Travel Company in Aceh. It is because probability value is 0.011 or less than 0.05 and CR values is 2.557 (CR > 1.96). The value if positive estimation is 0.023 which means the effect is positive, or in other words if celebrity endorsement moderate the relationship between corporate credibility and customer loyalty.

5. Conclusion:

According to the result of data analysis on the fourth chapter, some conclusions can be drawn as the followings:

1. Corporate credibility, celebrity endorsement, and customer loyalty of Special Hajj and Umrah Travel Company in Aceh are at a good level.

2. Corporate credibility affected significantly towards customer loyalty at Special Hajj and Umrah Travel Company in Aceh. The value of the influence was positive, in which customer loyalty will improve if corporate credibility improves.

3. Celebrity endorsement affected customer loyalty at Special Hajj and Umrah Travel Company in Aceh significantly. The value of influence was positive, which means customer loyalty will improve if celebrity endorsement improves.

4. Interaction variables between corporate credibility and celebrity endorsement have a significant effect on the loyalty of pilgrims. So it can be concluded that the celebrity endorsement is a moderating variable or celebrity endorsement moderate the relationship between corporate credibility and customer loyalty.

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