

Chapter 75

Celebrity Endorsement and Impulsive Buying Intentions in Social Commerce – The Case of Instagram in Indonesia: Celebrity Endorsement

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ABSTRACT

Based on the source credibility model and social network aspects, the authors investigated how endorsement on social media affects consumers' perception of the brand, attractiveness of the product, and ultimately, their impulse to buy. It was postulated that the endorsers' attractiveness, expertise, and trustworthiness, along with their interactivity with followers to be positively related with consumers' attitude toward the brand and merchandise attractiveness, which in turn led to impulse to purchase. These hypotheses were tested by conducting online survey with 204 participants in Indonesia. Study findings indicate that attitude toward brand was influenced by attractiveness and trustworthiness of the endorser; product attractiveness was positively associated with expertise and trustworthiness of the endorser. Brand attitude and merchandise attractiveness, in turn, are positively related to impulse to purchase.

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INTRODUCTION

Social commerce, or the convergence of social networks and e-commerce, has emerged as a phenomenon of global interest to businesses and researchers (Baethge, Klier, & Klier, 2016; Liang et al., 2011). With the increasing penetration of social media in our daily life, social media has become an important source of influence on consumers' purchasing decisions. Social commerce, therefore, has the potential to become a significant sales channel and growth engine for e-commerce in the future (Baethge et al., 2016).

Although there has been an increase in research/studies focusing on social commerce in recent years (Baethge et al., 2016), relatively little research, however, has been conducted under the developing countries context except a few pioneer works (e.g., Amelina & Zhu, 2016; Walden & Browne, 2007; Xiang, Zheng, Lee, & Zhao, 2016). Emerging and developing economies are home to eight-five percent of the world's population and account for almost sixty percent of global GDP. They not only contributed more than eighty percent of global growth since the 2008 financial crisis, but also helped to save many jobs in these advanced economies (Lagarde, 2016). For developing countries, the introduction of the social element in e-commerce helps to enhance trust and intentions to buy (Hajli, 2015). Furthermore, social media serves as an e-commerce platform with readily-available features and easy-to-use functionalities, enabling business owners with limited technology expertise and resources to quickly establish their business (Amelina & Zhu, 2016). As a result, e-commerce conducted on the social platform has seen exponential growth, or even developed into the dominant form of e-commerce in developing countries (Hassan, Shiratuddin, & Ab Salam, 2015; Redwing Asia, 2013).

Social commerce has provided an environment conducive for impulsive buying (Xiang et al., 2016), and impulsive buying constitutes an important aspect of social commerce (Chung, Song, & Lee, 2017). What leads to people's impulsive buying intentions in social commerce? Unfortunately, there have been only a handful of studies (e.g. Chen et al., 2019; Chen, Su, & Widjaja, 2016; Xiang et al., 2016, Chung et al., 2017). Prior research has investigated impulsive buying in social commerce with regards to product recommendation (Chen et al., 2019; information quality and personality trait perspective (Chen et al., 2016), the parasocial interaction lens (Xiang et al., 2016); and the hedonic and utilitarian value angle (Chung et al. 2017). Social commerce attracts consumers mainly because they can foster users' close relationship with other users, in particular, experts and celebrities (Xiang et al., 2016). In fact, celebrity endorsement has become one of the key marketing tools for brand managers on social media and more than sixty percent Indonesia users report that they spot celebrity endorsement posts in their timeline (Nugroho, 2015). On social media sites, following celebrities is one of the most popular activities and leveraging celebrity power by having celebrity endorsement has been a powerful tool for business to promote their product or brand (Zhu & Chen, 2015). However, how do experts and celebrities contribute to impulsive buying in social commerce remains large unknown. To address this gap and enhance our understanding of social commerce in developing countries, the main objective of this study is to investigate how consumers react to one of the most popular forms of social commerce: celebrity endorsed products on social media and how it leads to impulsive buying intentions. Using the Stimuli–Organism–Response model as our framework, we integrate source credibility model and social network aspects to investigate how endorsement on social media affects consumers' perception of the brand, attractiveness of the product, and ultimately, their impulsive buying intentions. We conducted our research in Indonesia for two major reasons. First, Indonesia is the world's fourth most populous country and also the Southeast Asia's largest economy, ranking 10th in the world and averaging over five percent growth over the last decade. Indonesia's e-commerce is projected to have a growth to USD

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