

Brand Equity As An Intervening Variable In The Relationship Between Celebrity Endorser And The Firm's Performance Of Medan City Cakes

Findi Ruzika Audini Siregar¹, Riza Fanny Meutia²

^{1,2} Department Management, Faculty Economic and Business, Universitas Medan Area, Medan, Indonesia

*findiruzika@staff.uma.ac.id

ABSTRACT

This research aims to analyze the celebrity endorser on the performance of the Medan City cakes through brand equity as an intervening variable. The target population of the researcher is all people of Medan City who have bought one or more Medan City cakes, such as: Medan Napoleon, Medan Par Par, Bolu Toba Medan and Medan Mulaka at outlets/stores so the number can never be known. The research sample used 300 people, namely the people of Medan City who had bought one or more Medan City cakes, such as: Medan Napoleon, Medan Par Par, Bolu Toba Medan and Medan Mulaka at outlets/stores through the simple random sample method. The hypothesis tested in this study used the t value test. From the results of the tests that have been carried out, it can be obtained that the celebrity endorser variable on the firm performance variable through the brand equity as an intervening variable is a positive and significant relationship. Celebrity endorsers should reflect the company's value and it is hoped that celebrity endorsers will continue to improve their performance so that it creates trust and strong attraction by target consumers and can increase the brand equity of Medan City cakes.

Keywords: Celebrity endorser, brand equity, firm performance

INTRODUCTION

In the midst of the development of the creative industry, the culinary industry in Indonesia has grown rapidly. Many strategies have been prepared by Indonesian entrepreneurs in responding to current market needs. Due to the dynamic development of the culinary business, many start-up businesses in Indonesia are increasingly innovative and aggressive in capturing existing business opportunities. The trend that has attracted the attention of a number of Indonesian people, especially the city of Medan, is the trend of local cakes popularized by famous celebrities. Many celebrity cake business owners have succeeded in making their cake product when traveling to an area visited by tourists and making the business able to gain considerable success. Medan Napoleon, Medan Par Par, Bolu Toba Medan and Medan Mulaka are cakes from the City of Medan that can be enjoyed by all levels of society, from small children, teenagers to the elderly. The Medan City souvenir cake is a mix of cakes with a local and modern look. For Medan Napoleon cake, the cake is a combination of napoleon cake from France and typical Medan city sponge roll. Napoleon cake itself is a cake consisting of three layers of pastry that has a crunchy texture. Medan Napoleon launched cakes in 9 flavors, including: Red Velvet, Green Tea, Durian, Caramel, Nougat, Tiramissyou, Great Chocolate, Cheese and Extracheese. Medan Napoleon cake is rectangular with a size of 25 x 9 cm. Medan Par Par has variants of puff pastry, roll sponge and cake with appetizing toppings. Consumers are offered several menus, such as: puff pastry, roll cake, topping cake roll, double cheese roll cake and cake. In terms of taste, Medan Par Par has good quality and is missed by consumers. Medan Toba Sponge is a rectangular-shaped cake that has a unique name, namely by

embedding the typical Medan City icon on most of the menu names. The naming of the Medan Toba Bolu type makes this Medan City souvenir cake very interesting, including: Titi Kuning Cheese, Japaris Durian, Tiramisu, Hazelnut Oreo Fishing Rod, Spikoe and Padang Bulan Chocolate. The specialty of Medan Mulaka is a rectangular sponge cake using modern filling and cake toppings. The types of sponge cake variations offered by Medan Mulaka include: Mulaka Chocomaltine, Mulaka Red Velvet, Mulaka Cheese, Mulaka King Durian, Mulaka Tiramisu and Mulaka Chococheese. The attractive appearance of Medan souvenir cakes, the use of the celebrity's popularity and marketing strategies that only target 1 city area, have become the strengths of the Medan City cake business.

In the midst of the success achieved by Medan cake entrepreneurs, both Medan Napoleon, Medan Par Par, Bolu Toba Medan and Medan Mulaka as a successful Medan cake business, these brands continue to challenge business competition from the cake business. Another Medan city. The high competition causes the Medan City cakes to be more innovative, aggressive, following market trends and tastes and trying to survive by continuing to maintain quality and develop its products to compete with competitors.

LITERATURE REVIEW

Celebrity Endorser

Celebrity endorser is advertising that uses people or public figures to support an advertisement (Shimp, 2003). There are three indicators for the celebrity endorser variable, including: credibility, attractiveness and power (Belch, 2004). Credibility is a condition where the recipient of the information trusts the information submitted by the celebrity endorser as an objective and honest source of information. Attractiveness is something that exists in celebrity endorsers, where celebrity endorsers are considered as individuals who make people interested in seeing them related to physical or non-physical attractiveness. Meanwhile, power refers to the celebrity endorser's ability to attract consumers' interest in buying a product.

Brand Equity

Knapp (2001), defines brand equity as the totality of brand perceptions, including the relative quality of products and services, financial performance, customer loyalty, satisfaction and overall brand appreciation. This study examines four elements of brand equity, namely: brand loyalty, brand awareness, perceived quality and brand image.

Firm Performance

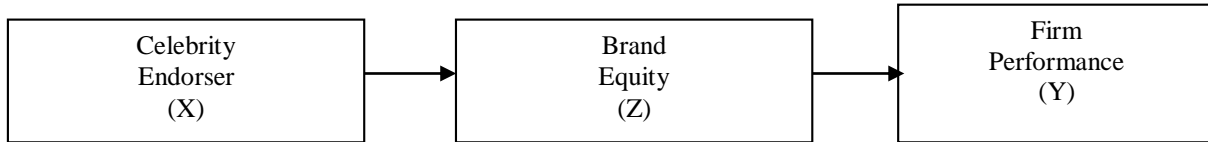
Firm performance is a description of the achievement of the implementation of an activity or program or policy in realizing the goals, objectives, mission and vision of the organization (Wardhani, 2008). Firm performance is one of the factors that show the effectiveness and efficiency of an organization or company in order to achieve its goals (Pranata, 2007).

Celebrity Endorser on Firm Performance through Brand Equity

Celebrity in advertising is used with the aim of helping in shaping brand personality or simply increasing sales volume in a relatively short time (Royan, 2004). Celebrity endorsements have an influence on sales to some extent and celebrity is not always used to endorse brands of various products. Even the respondents strongly agree that celebrity generates brand equity (Jain, 2011). Khan and Lodhi (2016) celebrity endorsement of a product is a prominent element for the recognition of a brand. The study explained that the product being endorsed by a celebrity has been the center of attraction for most of the customers. In achieving organizational

goals and in order to stay competitive in the competition, companies must carry out strategies that make customers willing to buy the products offered. Efforts to introduce the right product with celebrity endorsers, can be through strong brand equity in the company which can later produce good performance in the company.

Research Framework



HYPOTHESIS

Celebrity endorsers have a positive and significant impact on the performance of Medan City souvenirs through brand equity as an intervening variable.

METHODS

In this study, the researcher used quantitative research because the purpose of this study was to analyze the influence between the independent and dependent variables. This study allows to examine the relationship between the dependent and independent variables as represented in the hypothesis in this study. The survey was conducted by researchers online and offline through a questionnaire.

The target population that the researchers took were all people of Medan City who had purchased one or more souvenirs from the City of Medan, such as: Medan Napoleon, Medan Par Par, Bolu Toba Medan and Medan Mulaka at outlets/stores so the number cannot be known. At the time of conducting the survey, the researcher tried to distribute more than 300 questionnaires to more than 300 respondents. In this study, researchers used 300 existing samples. Probability sampling with the type of simple random sampling became the sampling technique used by researchers. All variables that the researchers measured were using the Semantic Differential scale. This study uses descriptive statistical analysis techniques and path analysis. Then for hypothesis testing, the researcher used the t test.

Variable	Definition	Indicator	Scale
Celebrity Endorser (X)	The use of public figures in Medan City Souvenirs advertisement.	- Credibility - Attractiveness	Semantic Differential
Brand Equity (Z)	The added value given to Medan City souvenir products. This value can be reflected in the way a consumer thinks, feels, and acts towards the company's brand, price, market share, and profitability.	- Brand Loyalty - Brand Awareness - Perceived Quality - Brand Image	Semantic Differential

Firm Performance (Y)	A description of the achievement of the implementation of an activity or program or policy of the Medan City gift company in realizing the goals, objectives, mission, and vision.	Semantic Differential
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Sources: Belch (2004), Kotler dan Keller (2007), Wardhani (2008)

RESULT AND DISCUSSION

Based on the descriptive analysis that has been done using a pie chart, the majority of respondents involved in the study were 68% female and the remaining 32% were male. The age of respondents in the 17-20 years category is 46%, compared to the age of respondents in the 21-30 year category, which is 46%, while respondents in the >30 category are 8%. Then, it can be described the percentage of respondent categories based on education level, ie 93% are D3/Bachelor and minority respondents as much as 7% have high school/vocational school education level. Based on occupation, the majority of respondents as much as 67% are students, then 22% of respondents are employees, 7% are entrepreneurs and 4% of respondents are not working.

Outer Model Test

It has been found that the cross loading between the indicators and the construct of the variable gauge is above 0.70, except for the Z.13 indicator which is below the value of 0.70 but is above 0.50. The test results show that each latent variable in this study has an absolute correlation to the indicators or is declared valid and significant.

1. Data on the brand equity variable is declared reliable with Cronbach's alpha value = 0.945 and there is consistency in reliability which is indicated by the composite reliability value = 0.952.
2. The celebrity endorser variable data is declared reliable with Cronbach's alpha value = 0.917 and there is consistency of reliability which is indicated by the composite reliability value = 0.932.
3. Firm performance variable data is declared reliable with Cronbach's alpha value = 0.934 and there is consistency of reliability as indicated by the composite reliability value = 0.948.

The results of the variable test show that the overall correlation between constructs is higher than the correlation with other constructs. One example that can be seen from the table above is the AVE square root value of the firm performance correlation with the firm performance construct of 0.867, which is greater than the celebrity endorser correlation with the celebrity endorser construct which is 0.819. So that from the overall test results the variable can be declared to have a good discriminant validity value.

Inner Model Test

1. The brand equity variable has a value of R square = 0.704, which means it shows a moderate effect. The brand equity variable that can be explained by the celebrity endorser variable is 70.4% while the remaining 29.6% is explained by other variables outside the research.

2. Firm performance variable has a value of R square = 0.748 which means it shows a moderate effect. Firm performance variable that can be explained by the celebrity endorser variable is 74.8% while the remaining 25.2% is explained by other variables outside the research.

T Value Model Test

1. The relationship between the influence of the brand equity variable (Z) on the firm performance variable (Y) is a positive and significant relationship, which is indicated by the original sample value of 0.514 and the t statistic value of 7.629 above the rule of thumb 1.65 with a significance above 5% .
2. The relationship between the influence of the celebrity endorser variable (X) on the brand equity variable (Z) is a positive and significant relationship which is indicated by the original sample value of 0.839 and the t-statistic value of 40.116 above the rule of thumb 1.65 with a significance above 5%.
3. The relationship between the celebrity endorser variable (X) and the firm performance variable (Y) is a positive and significant relationship which is indicated by the original sample value of 0.388 and the t-statistic value of 5.650 above the rule of thumb 1.65 with a significance above 5%.

Celebrity Endorser on Firm Performance through Brand Equity

It can be seen that there is a positive and significant relationship from the influence of celebrity endorser (X) on the firm performance variable (Y) through the brand equity as an intervening variable (Z). Celebrity in advertising is used with the aim of helping in shaping brand personality or simply increasing sales volume in a relatively short time (Royan, 2004). Celebrity endorsement has an influence on sales to a lesser extent and celebrity is not always used to endorse brands of various products. Even the respondents strongly agree that celebrity generates brand equity (Jain, 2011). In achieving organizational goals and in order to stay competitive in the competition, companies must carry out strategies that make customers willing to buy the products offered. Efforts to introduce the right product with celebrity endorsers, can be through your arguments strong brand equity in the company which can later produce good performance in the company.

CONCLUSION

The hypothesis that appears can be answered, namely the celebrity endorser variable on the firm performance variable through the brand equity as an intervening variable is a positive and significant relationship.

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