THE DIFFERENCE IN CONSUMER RISK PERCEPTION BETWEENCELEBRITY ENDORSER AND EXPERT ENDORSER IN COLLEGE ADVERTISEMENTS

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ABSTRACT

This research aims to examine the difference in consumer risk perception between celebrity and expert endorser in advertisement. We proposed two hypothesis, H1: There is a difference in consumer risk perception between an expert endorser and celebrity endorser in college advertisement. H2: There is a difference in consumer risk perception between an expert endorser and a celebrity endorser in college advertisement, which is moderated by the consumer product knowledge.

Experimental design was employed in this study with Statistical Experimental- Completely Randomized Design. This was conducted on three groups to test H1 and six groups to test H2. To test H1, the participant of each group was given full color print ads using celebrity endorser, expert endorser and nonendorser in advertisement. We go further splitting each group with high and low consumer product knowledge to test H2. The participants of this research are 200 students of SMA 7 Semarang.

We use One Way Anova to test H1 and two ways Anova to test H2. Our findings showed that there is a difference in consumer risk perception between an expert endorser and celebrity endorser in college advertisement. We also found that there is no difference in consumer risk perception between an expert endorser and a celebrity endorser in college's advertisement, which is moderated by the consumer product knowledge. We also found that there is difference in consumer's perceived performance risk, consumer's perceived financial risk and consumer's social risk between an expert and celebrity endorser in College advertisement. On the other hand, we found there is no difference in consumer perceived psychological risk between an expert and celebrity endorser in College advertisement.

Keywords: celebrity endorser, expert endorser, consumer risk perception, consumer product knowledge.

INTRODUCTION

These days there is a very tight competition among higher education institutions. Among the causes is that state colleges tend to facilitate a special student enrolment system which makes it easy for students to enroll and acceptance is bigger than the quota. (Kompas, October 14, 2006). The interest in taking college education, especially in private colleges, is decreasing. This phenomenon causes around 30-40 percent of the existing 2,679 private colleges are in the brink of bankruptcy or being closed down.

Like a company, many colleges have a special marketing team. Private as well as state colleges organize many kinds of marketing communication activities. Kotler and Keller (2006) said that there are six kinds of marketing communication mix, namely advertisement, sales promotion, public relation and publicity, individual selling, direct marketing and events or experiences. One kind of the marketing communication mix frequently used by colleges is advertisement. Advertisement is all forms of non-personal communication and promotion of ideas, goods or services by particular sponsors (Kotler and

Keller, 2006). Therefore, advertisements are intended to inform, persuade or remind. To achieve its objective, an advertisement must be well packed and presented so that consumers will give the expected response.

To communicate effectively, the marketer should know the fundamental elements of effective communication. Communication involves: (1) source, (2) encoding, (3) transmission, (4) decoding, (5) action, and (6) feedback (Assael, 2001). The marketer should pay attention to the importance of sender/source/endorser used in the advertisement. The endorser would inform, persuade or remind the consumer about a certain product or service. The consumer's decision to choose a college requires high involvement. Usually
the consumer would search for information about the institution he/she has in mind. In an advertisement the endorser is the source of information and his/her endorsement plays such an important role in marketing that the institution should select a suitable endorser for its advertisement. The consumer's decision to choose an institution involves many risks, financial, performance, social and psychological. The higher the price of a product is, the higher is the consumer's involvement, and the higher is the consumer's perception of risks.
Mc-Guire (1969) and Mills (1969) as quoted by Friedman and Friedman (1979) mentioned some attributed sources believed to cause attitude change: trustworthiness, expertise,similarity, attractiveness and ikeableness. Employing anendorserin advertisement is expected to lessen the consumer's risk perception. Therefore, the college management should consider using an effective endorser in its advertisement to minimize the consumer's risk perception in choosing the college.

The researcher was interested in examining the difference in consumer risk perception between celebrity and expert endorsers. The problems in this research are: (1) Whether there is any difference in consumer's risk perception between advertisements using celebrity endorser and expert endorser. (2) Whether there is any difference in consumer's risk perception between advertisements using celebrity and expert endorsers moderated by consumer's product knowledge. The result of the research is expected to be beneficial, by giving empirical evidence on the effectiveness of employing endorsers in college advertisement and helping college management to decide using effective endorsers. The focus of the research is advertisements of the print ads category. The researcher used advertisements for Economics Faculties in Semarang. Participants involved in the research were students of SMA 7 Semarang.

THEORE ICAL ACKGROUND AND HYPOTHESES Advertisement

Advertisement is all kinds of non-personal presentation intended to promote ideas, goods or services given by certain sponsors (Kotler and Keller, 2006). Therefore, advertisements are meant to inform, persuade or remind about certain products. To achieve its goal an advertisement should be well prepared and packed so that consumers would give the expected response. Advertisement is very important and must be done by companies. The important thing is how to advertise a product or service in an interesting and unique way. A unique advertisement with different message would attract consumers and make it easy for them to catch the message about the advertised product/ service or brand.

Advertisement is one-way communication from the producer to the consumer. According to Assael (2001), communication is the process of transmitting information from a sender and receiving by a receiver. Communication involves: (1) source, (2) encoding, (3) transmission, (4) decoding, (5) action, and (6) feedback. Source is the center which identifies the target and develops the purpose of communication. Encoding is the process of translating information or the purpose of communication into a signal to send to the target or receiver. Transmission is the process of carrying or delivering the signal or message

to the target or receiver or the consumer using a certain medium. Decoding is the process of understanding or translating back the received signal or message sent through the medium into the purpose of communication and saved in the receiver's memory. Feed back is evaluating the effectiveness of communication. Decoding and action are done by the consumer or reader who received the advertisement.

Advertisement Response Model Approach

The purpose of advertisement can be distinguished in terms of three functions: cognitive, affective, and conative (Lavidge and Steiner, 1961). The proposed model is advertisement effect hierarchy model consisting of three main parts.

The advertisement's cognitive function is to give information and facts with the aim of making the consumer aware and have knowledge about the advertised brand. The advertisement's affective function is to form more beneficial attitude. Therefore, the affective function is intended to persuade the consumer. The advertisement's conative function is used to stimulate the drive and create a strong argument to buy the advertised product.

Perceived Risk

The concept of perceived risk is related to a number of risks involved when buying a product or service (Cox and Stuart, 1964; Dowling and Staelin, 1994). Therefore, the higher the product's price, the higher is the consumer's involvement, and the higher is perceived risk.

Friedman and Friedman (1979) mentioned five types of perceived risks: financial, performance, physical, psychological and social. Performance risk is the risk related to the uncertainty of the product's performance which may be not as expected. Financial risk is related to all the cost and expense to get the product while there is uncertainty about the

product. The risk is measured using amounts of money (Grewal *et al*, 1994).

Social risk is the possibility that the use of the product may affect other people's way of thinking or opinion of him. Psychological risk is the possibility that the product does not conform to the consumer's self-image. Physical risk is the possibility that the product may be dangerous to the consumer (Friedman and Friedman, 1979).

In this research, the researcher analyzed four risks: performance, financial, social and psychological, because college advertisements generally do not involve physical risk.

Endorser Effect and Source Model Theory

This research was based on two theories: source credibility and source attractiveness. Source model theory (SMT) is a combination of both theories. According to SMT, effective endorsements result from source's credibility and attractiveness (Biswas *et al*, 2006).

Source's credibility has three dimensions: expertise, trustworthiness, and physical attractiveness (Ohanian, 1990). Source attractiveness is considered as three interrelated aspects: familiarity, similarity, and liking (Biswas *et al*, 2006). Familiarity is defined as knowledge about the endorser because he/she has often been presented/publicized. Similarity is similarity of perception between the message sender and the receiver. Likeability is the feeling of liking the endorser because of physical attractiveness, behavior, or trust. Credibility theory (Hovland and Weiss, 1955, as cited by Mittelstaedt *et al*, 2000) states that message sender is credible if he/she is an expert, or reliable person.

Celebrity Endorsements

A celebrity endorser is defined as any individual who is publicly known and using this factor as part of the product by showing him/her in the advertisement (McCracken, 1989). Friedman and Friedman (1979) defined celebrity endorsers as individuals who are

known by the public such as actors, athletes, entertainers, and the like who are known for their achievement in their respected field. Celebrity endorsers are generally attractive and/or likeable (Friedman and Friedman, 1979).

The effectiveness of celebrity endorsement can be explained using Associative Learning Theory (ALT). Associative learning principle is based on the **Expert Endorsements**.

An expert is defined as a source who gives a convincing and valid statement. Friedman and Friedman (1979) defined expert endorsers as individuals or groups who have deep knowledge about the product they advertise. Expert endorsements are more effective because communication from expert endorsers is more readily acceptable compared to that from non-experts (Tedeschi, 1972 as quoted by Biswas *et al*, 2006). Expert endorsers have expertise (Friedman and Friedman, 1979).

Different Influence of Celebrity from Expert Endorsements

The processes of influencing the change of attitude and consumer's trust may differ (Freiden, 1984 as quoted by Biswas *et al*, 2006). According to Kelman, (1961) as quoted by Biswas *et al*, (2006), when source model of communication is a celebrity, the consumer's attitude change happens through identification process. Identification takes place when an individual tries to prove identity related to the celebrity endorser. When the endorser is an expert, the influence on consumer's attitude happens through internalization. Internalization happens when the individual gets influence which is congruent to his/her value system of belief. Someone will be influenced by an expert endorser when his/her view or belief seems useful in solving an existing problem. In effect, expert endorsers probably have more influence on consumers than do celebrity endorsers. Based on the above discussion the researcher formulated his first hypothesis as follows:

H1: There is a difference in consumer perceived risk of college advertisements

concept about memory as a network consisting of several interrelated concepts as associative links (Collins and Loftus, 1975 as quoted by Biswas *et al*, 2006). Associative Learning Theory is the framework used to understand match-up effects (Till and Busler, 2000). Source Model Theory (SMT) and Associative Learning Theory (ALT) apply for celebrity endorser between those using celebrity endorsers and those using expert endorsers.

The Role of Consumer's Knowledge in Evaluating Endorsements

Consumer knowledge consists of two components: familiarity and expertise (Jacoby, 1986 as quoted by Biswas *et al*, 2006). Familiarity is defined as a number of products related to the consumer's accumulated experiences. Expertise is the product's performance related to the success in doing its task. The relation between product and experience is classified into several stages covering open advertisement, information search, interaction with salespersons, selection and making decision, purchasing and using the product in different situations. Consumer expertise covers cognitive structure (like trust in product attributes) and cognitive process (decision to act in accordance with his/herbelief) which is needed for the relation between product performance and the success of the task (Alba and Hutchinson, 1987). Consumer knowledge is knowledge in relation to special characteristics of the products.

As the result of product familiarity the consumer can process available information efficiently. The more the consumer's knowledge about the product the more is his tendency to examine the information in detail, especially for high technology products (Roehm and Sternthal, 2001 in Biswas *et al*, 2006).

In the internalization process the consumer who has more knowledge about a particular product or service, would have more trust when information about the product or service is presented by an expert rather than a celebrity. The consumer who has much

knowledge can relate the information with his knowledge and use that in making decision (Cowley and Mitchell, 2003; Roehm and Sternthal, 2001 in Biswas *et al*, 2006).

The consumer with little knowledge has more trust in the use of peripheral signals as diagnostic signals and to use them in analyzing risks related to buying the product (Rao and Monroe, 1988 in Biswas *et al*, 2006). The consumer with less knowledge has less trust in the product compared to that having more knowledge. Therefore, the higher is the consumer's level of knowledge the higher is the

trust when certain types of endorsers give their endorsements. Based on the above assumptions, the researcher formulated the second hypothesis, as follows:

H2: There is a difference in consumer perceived risk of college advertisements between those using celebrity endorsers and those using expert endorsers moderated by theconsumer product knowledge.

Research Model

Endorser

Consumer Risk Perception

Consumer Product Knowledge
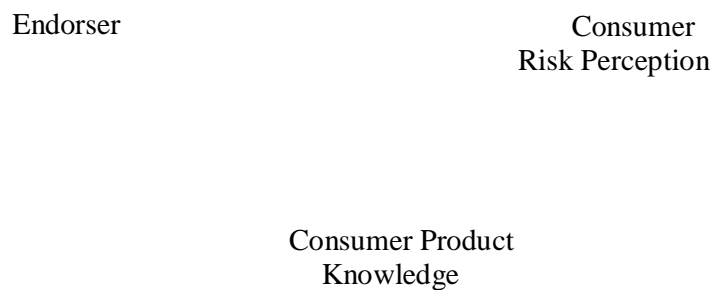
Source: Modified from Biswas *et al* (2006)

Figure 1. Research Model

RESEARCH METHOD
Research Design

The research design used was experiment design. The experiment design is Lab

Experiments, which are done in simulated or artificial environment (Sekaran, 2003).

The design used was Statistical Experimental Completely Randomized, a design in which there are two or more groups given treatment in the form of colored print ads (Aaker, *et al*, 2004). The research was designed to get data about consumer's risk perception in advertisements using celebrity endorsers,

with celebrity endorser would not be given an advertisement with expert endorser or non-endorser advertisement, because that might give sequential effect bias (Aaker *et al*, 2004). While for testing the second hypothesis, participants were divided into six groups.

Data collection was done by giving questionnaires as a means of measuring consumer's perceived risk. The research used one questionnaire for three kinds of advertisements, with celebrity endorser, expert endorser, and non-endorser advertisements. To t

experiment design between subject factorial design was done with factor one: advertisement with celebrity endorser, advertisement with expert endorser and non-endorser advertisement, while factor two was consumer's product knowledge classified as high or low.

Preliminary Study

Preliminary study was done to identify and determine which celebrity was suitable for advertising College Economic Faculties. In the preliminary study the researcher selected one of the six grade-12 IPS (Social Sciences) classes of SMA 7 Semarang, consisting of 42 students using questionnaires. The class used for the preliminary study was not used in the real experiment. The result was: participants chose 15 celebrities suitable for advertising economics faculties. Among the 15 chosen celebrities 35.7 percent of them chose Artika Sari Dewi as suitable for advertising economic faculties.

Manipulation Check

Manipulation check was done to check whether the treatment given was suitable or not. For this manipulation check the researcher use another grade-12 class of SMA 7 Semarang. This class was not used in the real experiment to be done later. In this manipulation check the researcher intended to find out whether participants could distinguish celebrity from expert. The researcher wanted to see participant's judgment of attractiveness and expertise of celebrities and experts who became advertisement endorsers. According to the theory a celebrity has attractiveness, while an expert has expertise (Friedman and Friedman, 1979). Based on the preliminary study, the celebrity chosen was Artika Sari Dewi and the expert chosen was Anton A. Subowo, SE, MM. Anton Subowo was chosen as expert endorser because he was an alumnus of an Economics Faculty, so he knew much about Economics Faculties and he was successful in banking, at that time he was a bank branch director.

In the manipulation check the researcher used IPS 1 class consisting of 43 students. The result manipulation check was: Artika Sari Dewi's Mean Attractiveness was 2.2465, meaning that she was very attractive, while Anton Subowo's mean attractiveness was 0.6419 meaning he was attractive enough but far below Artika Sari Dewi. Artika Sari Dewi's expertise was 1.6279, meaning that participants considered she had enough expertise, while Anton Subowo's expertise was 2.7070, meaning he had high expertise. Artika Sari Dewi was more attractive than Anton Subowo 2.2465 compared to 0.6419. The result of Chi Square test using Pearson-Chi Square showed significance of 0.001<0.05 meaning that there was significant difference in Artika Sari Dewi's attractiveness compared to Anton Subowo's.

The result of manipulation check also showed that Anton Subowo had much higher expertise compared to Artika Sari Dewi: 2.7070 compared to 1.6279. Chi Square test using Pearson Chi Square showed significance of 0.025<0.05, meaning Anton Subowo's expertise differed significantly from that of Artika Sari Dewi's.

Procedure in Determining Experiment Participants / Subjects

Participants for the research were students from four of six grade-12 IPS (Social Sciences) classes and students of one grade-12 IPA (Science and Mathematics) class of SMA 7 Semarang. The students were divided into three groups to test Hypothesis 1 (H1). The first group was treated with an advertisement using celebrity endorser, the second with an advertisement using expert endorser, and the third with nonendorsed advertisement. Meanwhile, to test Hypothesis 2 (H2), the students were divided into six groups, by dividing each of the existing groups into two: one with high

consumer knowledge, and the other with low consumer knowledge.

Experiment Procedure

Data were collected from students of grade-12 IPS and IPA classes of SMA 7 Semarang. Treatment was in the form of print ads accompanied by questionnaires. The advertisements contained celebrity, expert and information about the college. Each participant was given certain treatment randomly. To make randomization easy randomization was done for treatment. First, a participant was given time to read the advertisement, and then given time to fill out the questionnaire. Whenever a participant was confused or unsure about a point in the questionnaire, he/she was told to ask questions.

Homogenity

Homogenity was necessary to give an accurate result. Homogenity testing was done for variables used as control, like gender, age and class. This testing was to identify whether the control variable functioned as a new variable that strengthen or weaken relation

between independent variables and dependent ones (which were called moderator variables). When the control variables were similar to independent variables resulting in non-homogeneity, possibly the control variables function as moderator variables. If this happened, the variables must be entered as moderator variables that should also be tested using the means of analysis being used. On the contrary, if the result was homogeneous, we could conclude the absence of moderator variables' function. Homogenity testing was done using Chi Square (Rao and Monroe in Aprilia, 2006).

Homogenity testing result showed that gender variable resulted in non- homogeneous testing with significance of 0.000<0.05, that gender might function as moderator variable. Age variable showed homogeneous result that it did not function as moderator variable with significance f 0.0602<0.05. Class variable also gave homogeneous result and did not function as moderator variable with significance of 0.982>0.05.

Research Instruments and Measurement Scales

In this research the instruments used were adopted from those developed by previous researchers:

1. Consumer Product Knowledge is the consumer's level of knowledge about the product or service (Biswas *et al*, 2006). This variable is measured using two indicators: the level of knowledge about the product or service and familiarity with the product or service.

2. Perceived Performance Risk is the risk related to uncertainty about product or service performance which might be not as expected (Biswas *et al*, 2006). This variable is measured using four indicators: trust in the ability of product or service to perform as expected, the trust that the product or service would perform satisfactorily, the amount of risk in choosing the product or service in relation to performance, uncertainty about product or service performance.

3. Perceived Financial Risk is the risk related to all costs and spending to get the product and uncertainty about the product. The risk is measured in term of amounts of money (Biswas *et al*, 2006). The measurement for this variable is done through four indicators: perceived financial risk, risk related to choosing the product in term of cost, the risk of determining the product or service based on the amount of money, and financial risk involved.

4. Perceived Social Risk is the possibility that the use of the product or service might change other people's attitude towards or opinion about the user (Stone *et al*, 1993). Three indicators are used to measure this variable: people's way of thinking or opinion that using the product may raise confidence, the

choice of the product is only for the sake of prestige, people's opinion that the product of service is of low value.

5. Perceived Psychological Risk is the possibility that the product does not suit the consumer's self-image (Stone *et al*, 1993). Indicators of this variable are: feeling of discomfort when using the product of service, unexpected feeling of restless when using the product or service, unnecessary feeling of tense when using the product or service.

Measurement used was modified Likert scale. Consumer Product Knowledge was measured using nominal scale: high or low, by counting mean compared to median split to classify as high or low (Biswas *et al*, 2006).

Research Instrument Test

Validity test was used to measure the accuracy or precision of a means of measurement in measuring the measured construct. Validity testing was done using Confirmatory Factor Analysis (CFA). Confirmatory Factor Analysis was used to test indicator validity related to accuracy level reached by indicator in measuring a construct or variable.

Validity testing showed KMO MSA score of 0.780>0.50. Meanwhile, Barlett Test with Chi Square score was 1419.313 and significance at 0.000, so we concluded that factor analysis testing could be continued. The result of factor analysis showed that all question items were valid because all had loading factor of more than 0.40 and grouped in one factor (Riyanto, 2006).

Reliability testing was done to know how far was the consistency when measurement was done repeatedly for the same indicator using the same means of measurement. Reliable means that by using the same means of measurement, with the same indicator, but in different situation or condition, the result is consistent.

The result of reliability testing showed that all variables were reliable. Cronbach's Alpha should be bigger than 0.60 and Corrected Item–Total Correlation above 0.5 (Hair *et al*, 2006). Items with Item-Total Correlation less than 0.5 were maintained when eliminating them lower Cronbach's Alpha (Boorom *et al*, 1998; Hair *et al*, 1998 in Purwanto, 2003).

RESEARCH

RESULT AND DISCUSSION
Data Analysis

The analysis method used to test Hypothesis 1 was One Way Anova, and Two Ways Anova was used to test Hypothesis 2 with Main Effect and Interaction Effect. In Anova we can also analyze the moderating relations among independent category variables by making interaction among independent variables (Ghozali, 2006).

1. Hypothesis Testing

A. Testing Hypothesis 1

Hypothesis1 testing was done using the dependent variable: perceived risk. The result of Anova test showed endorser variable with F score of 61.461 and significance of 0.000,0.05, meaning that endorse*r* affects perceived risk. Adjusted R Squared score was 0.378 meaning variability of consumer risk perception can be explained by endorser variables of 37.8 percent.

The result of this hypothesis testing showed significant difference in perceived risk between the advertisement using celebrity endorser and that using expert endorser. The result of the research confirmed Hypothesis 1: <u>There is a</u>
<u>difference in perceived risk of college</u>
<u>advertisements between those using celebrity</u>

<u>endorsers and those using expert endorsers</u>. Consumers perceive lower risk in a college advertisement using expert endorser compared to that using celebrity endorser, and they also perceive lower risk in a college advertisement using
celebrity endorser compared to that of non-endorser. A college advertisement with expert endorser convinces the consumer of the quality of the advertised college and thus lessens perceived risk. This agrees with Friedman and Friedman (1979) who stated that expert endorser has expertise. Consumers has more trust in information given by an expert because he/she has the expertise and thus his/her endorsement of a college lessens perceived risk. The result was also similar to the result of previous research made by Biswas *et al* (2006), which showed there was lower perceived risk in advertisements using

expert endorsers than in those using celebrity endorsers.

B. Hypothesis Testing for Each Dimension of Perceived Risk(dependent variables: Perceived PerformanceRisk/PPR, Perceived Psychological Risk/PPsR, Perceived Financial Risk/PFR, and Perceived Social Risk/PSR).

In this research the researcher tested each of the perceived risk dimensions.

B.1. Hypothesis Testing

This hypothesis used the dependent variable: Perceived Performance Risk/PPR. Anova test result showed endorser variable with F score of 110.224 and significance of 0.000<0.05, meaning that endorser affects Perceived Performance Risk/PPR. The Adjusted R Squared score was 0.523, meaning that perceived performance risk can be explained by endorser variable amounting to 52.3 percent.

The result of hypothesis testing showed: there was significant perceived performance risk perceived by consumers in college advertisement using celebrity endorser compared to that using expert endorser. The result of research confirmed the hypothesis that there is a difference in consumer perceived performance risk of college advertisements using celebrity endorser and expert endorser. Consumers
perceive lower performance risk in advertisement using expert endorser than in that using celebrity endorser, and they perceive lower performance risk in advertisement using celebrity endorser than in that of non-endorser. College advertisements using expert endorser convince the consumers about the college's performance and thus lessen perceived performance risk. This agrees with Friedman and Friedman (1979) that expert endorser has expertise. Consumers have more trust in information given by an expert because he/she has expertise or authority to give information about the advertised college, and thus lowers perceived performance risk. This was also in line with the result of previous research done by Biswas *et al* (2006), which showed lower perceived performance risk in

advertisements using expert endorser than in those using celebrity endorser.

B.2. Hypothesis Testing

This hypothesis testing used the dependent variable: Perceived Financial

Risk/PFR. The result of Anova testing showed endorser variable with F score of

2.400 and significance of 0.093>0.05, meaning that endorser does not significantly affect perceived psychological risk. Adjusted R Squared score was 0.014, meaning that Perceived Psychological Risk/PPR variable can be explained by endorser variable only to the amount of 1.4 percent.

Hypothesis testing result showed there was no significant difference in consumer psychological risk in a college advertisement using celebrity endorser compared to that using expert endorser. The result of the research did not confirm the hypothesis that there is a difference in consumer psychological risk perception in a college advertisement using a celebrity endorser compared to that using an expert endorser. We guess that the result of the research did not confirm the hypothesis, because the consumer's choice of a college did not as much involve his/her self-image as it did the college performance, his/her financial condition, and social risk. The researcher think that possibly consumer's self-image is more related to the brand of the product or service being advertised. The advertisements used for the research were of little-known colleges that probably did not affect consumer's self-image. In the previous research done by Biswas et al (2006) psychological risk perception was not included as a dimension of perceived risk. Biswas, *et al* (2006), studied consumer risk perception based only on financial and performance risks, because according to Grewal *et al* (1994) in Biswas *et al* (2006) although in economic literature several risks are identified, two risks, financial and performance are considered more important in the marketing literature. The researcher included psychological risk perception because according to Jacoby and Kaplan (1972) as quoted by

Friedman and Friedman (1979) there are five types of risks: financial, performance, physical, psychological and social. In this research the researcher used college advertisement which offers service and there is no physical risk.

B.3. Hypothesis Testing

The hypothesis testing used dependent variable: Perceived Financial

Risk/PFR. The result of Anova testing showed endorser variable with F score of

47.208 and significance of 0.000<0.05, meaning that endorser affects Perceived

Financial Risk/PFR. Adjusted R Squared score was 0.317 meaning financial risk

perception variable can be explained by endorser variable to the amount of 31.7 percent.

The result of hypothesis testing showed significant difference of consumer financial risk perception in a college advertisement using celebrity endorser compared to that using expert endorser. Consumers perceive lower financial risk in an advertisement with expert endorser than in that using celebrity endorser, and they perceive lower financial risk in one with celebrity endorser than in one of non- endorser. College advertisements using expert endorser convince consumers about the quality of the advertised college and thus perceive lower financial risk. This is in line with Friedman and Friedman (1979) that expert endorser has the expertise or reliable information that lower perceived financial risk. This agrees with previous research done by Biswas *et al* (2006), that showed lower perceived financial risk in advertisements with expert endorser than those with celebrity endorser.

B.4. Hypothesis Testing

The result of Hypothesis Testing using dependent variable: Perceived Social Risk/PSR. The result of Anova testing showed endorser variable with F score of

4.309 and significance of 0.015<0.05, meaning that endorser affects Perceived Social Risk/PSR. The Adjusted R Squared score was 0.032, meaning that social risk perception can be explained through endorser variable to the amount of 3.2 percent.

The result of the hypothesis testing showed significant difference of consumer perceived social risk in college advertisements with celebrity endorser compared to those with expert endorser. The result of the research corroborated the hypothesis that there is a difference in consumer perceived social risk in an

advertisement with celebrity endorser compared to that with expert endorser. Consumers perceive lower social risk in an advertisement with expert endorser than in that with celebrity endorser, and they also perceive lower social risk in an advertisement with celebrity endorser experts have the expertise. Consumers have more trust in information given by experts, because of their expertise or reliable knowledge about the advertised college and thus his endorsement lowers perceived social risk. Biswas *et al* (2006) did not include perceived social risk in his study, because they did not consider social risk one of consumer perceived risks. Biswas *et al* (2006) studied consumer risk perception based on the assumption that there were only financial and performance risks involved. This was based on Grewal *et al* (1974) quoted by Biswas *et al* (2006) that although there are several risks involved, two risks: financial and performance are considered more important in marketing literature. The researcher included social risk perception, because according to Jacoby and Kaplan (1972) in Friedman and Friedman (1979) mentioned five types of risks: financial, performance, physical, psychological and social. In the research the researcher used college advertisements as the subject because college advertisements offer service and did not involve physical risk. In the research we found that there is a difference in perceived social risk in an advertisement using celebrity endorser compared to that using expert

endorser. The researcher guesses that this is because social risk is related to reference group. Everyone almost
certainly belongs to a group with similar values and beliefs. Without groups it is difficult for human beings to socialize, because they are social beings (Sutisna,
2003). Assael (2004) stated that reference group is a group which is used by individuals as reference in forming beliefs, attitude and behavior. The reference group is very important for marketers as a source of information and influence. Consumers would be influenced by the use of endorsers as source of information in college advertisements. Consumers perceive lower social risks in college advertisements with expert endorser compared to those with celebrity endorsers. And they also perceive lower social risk in advertisements with celebrity endorsers than those of non-endorser.   than that of   non-endor

2. Testing Hypothesis 2

A. Testing Hypothesis 2

Testing hypothesis 2 used dependent variable: Perceived Risk. The result of Two Ways Anova test showed that there was a direct effect of endorser variable with F score of 61.237 and significance of 0.000. This means there is a difference in average consumer risk among endorser categories. Consumer Product Knowledge/CPK level variable showed F score of 0.672 and not significant (0.413>0.05). This means there is no average difference in consumer risk among level categories of Consumer Product Knowledge/CPK. Interaction between endorser and Consumer Product Knowledge/CPK showed F score of 1.236 and not significant (0.293>0.05). This means there is no common effect of endorser and the level of Consumer Product Knowledge/CPK on average   C

Perception/CRP variable that can be explained through endorser variable and Consumer Product Knowledge/CPK, and interaction between endorser and the level of Consumer Product Knowledge/CPK is 37.8 percent.

The result of hypothesis testing showed no significant difference in Consumer Product Knowledge/CRP in college advertisement using celebrity endorser and expert endorser moderated by Consumer Product Knowledge/CPK. The result of the research did not confirm Hypothesis 2 that there is a difference in Perceived Risk in college advertisement with celebrity endorser and expert endorser modified by Consumer Product Knowledge/CPK. The research showed that Perceived Risk in college advertisement was only affected by endorser factor. The result of the research did not agree with previous research made by Biswas *et al* (2006) which proved that there was lower consumer risk perception in advertisements with expert endorser than in those with celebrity endorser which was strengthened by consumer knowledge level. We guess that the result of the research did not confirm the hypothesis because the level of consumer knowledge was measured on the basis of product category and not on the brand level. While in choosing a college consumers probably are more influenced by knowledge about the brand. The advertisements used in the research were college advertisements that gave educational service and not products as in the research by Biswas *et al* (2006). Service is any action or work offered by a party to another which is immaterial and does not involve possession. In choosing service consumers are affected by advertisements as well as mouth to mouth comments (Kotler, 2000).

B. Hypothesis Testing for Each Perceived Risk Dimension (dependent variables: Perceived Performance Risk/PPR, Perceived Psychological Risk/PPsR, Perceived Financial Risk/PFR, and Perceived Social Risk/PSR)

Hypothesis testing using dependent variables Perceived Performance Risk/PPR, Perceived Psychological Risk/PPsR, Perceived Financial Risk/PFR, and Perceived Social Risk/PSR was not done because based on the second hypothesis testing with dependent variable Perceived Risk we found that there was no significant difference in Perceived Risk in college advertisements with celebrity endorser and expert endorser moderated by Consumer Product Knowledge/CPK.

Conclusions

There is significant difference of risk perceived by the consumer in college advertisements with celebrity endorser and expert endorser. The consumer perceives lower risk in college advertisements with expert endorser than in those with celebrity endorser. This shows that employing expert endorser is more effective in college advertisements than celebrity endorser. College advertisements with expert endorsers convince consumers about the quality of the advertised college and thus lower perceived risk. This is line with Friedman and Friedman (1979) that stated that expert endorser has the expertise and consumers have more trust in their information and thus lowers perceived risk. The result of the research also agrees with the previous research made by Biswas *et al* (2006) that showed lower perceived risk in advertisements with expert endorser than celebrity endorser. As for perceived risk dimensions the research proved that consumers perceived differences in performance, financial, and social risks in college advertisements with celebrity endorser and expert endorser, and they did not prove the presence of any psychological risk.

There was no significant difference in consumer risk perception in college advertisements with celebrity endorser and expert endorser which was strengthened by consumer product knowledge. This shows that consumer risk perception of advertisements is not influenced by the level of consumer knowledge. The research showed that the difference in consumer risk perception was only affected

by endorser. The result did not agree with previous research done by Biswas *et al* (2006) which proved lower consumer risk perception in advertisements with expert endorser than with celebrity endorser modified by the level of consumer product knowledge.

Research Limitation

The research has some limitations. First, treatments used were only expert, celebrity and non-endorser. Taking into consideration that nowadays many experts are celebrities at the same time, such as Rhenald Kasali, Ruhut Sitompul, they could be used as treatment. In the next research, treatment could be classified as follows: an expert who is also a celebrity, an expert who is not a celebrity, and a celebrity who is not an expert. Second, control variables were only categorized according to gender, age and grade. In the next research we could add control variable of financial condition, because financial consideration also affects the choice of a college. Third, from the result of homogenity testing gender control showed non- homogeneity and thus gender might function as moderator variable. The researcher did not take gender as moderator variable. This could be taken into consideration as moderator variable in the next research.

Suggestion

Practically, the result of the research could be applied to improve the effectiveness of an advertisement. The result could be used, especially by college management, as a reference in deciding which endorser is the most effective. Colleges could use an expert in their advertisements because it proved that the use of an expert endorser could minimize consumer perceived risk. From performance, financial, and social risk perceptions it proved that consumer perceive lower performance, financial and social risks in college advertisements with expert endorser than celebrity endorser. And they also perceive lower performance, financial and social risks in college advertisements using celebrity endorser than non-endorser. The expert figure could be taken from the college alumni,

who have been successful in their fields.

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