The Influence of Celebrity Endorsement on Luxury Brand Trust And Loyalty: An Empirical Investigation

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Abstract- *This study investigates the effect of celebrity endorsement on luxury brand trust and loyalty among consumers. Drawing on Source Credibility Theory and Signaling Theory, the research examines how celebrity endorser credibility (trustworthiness, attractiveness, expertise) influences consumer perceptions of brand trust and loyalty. Using a structured survey, hypotheses were tested with Partial Least Squares Structural Equation Modeling (PLS-SEM). Results indicate that celebrity endorsement significantly impacts brand trust and loyalty both directly and via mediators such as psychological ownership and brand attitude. Findings offer theoretical advances and managerial insights for luxury marketing strategies.*

Keywords: Celebrity endorsement; Luxury branding; Brand trust; Brand loyalty; Source credibility theory; Consumer perception; Signaling theory; Purchase intention; Luxury consumption; Marketing communication

I. INTRODUCTION & LITERATURE REVIEW

Celebrity endorsement is widely used as a marketing strategy to differentiate luxury brands in competitive markets. Prior research suggests that credible endorsers transfer positive associations to brands, strengthening consumer trust and loyalty. Celebrities serve as symbolic cues that enhance brand image, influence consumer attitudes, and signal quality and prestige. However, empirical evidence linking endorsement directly to trust and loyalty remains limited, especially within luxury contexts. MDPI

Key constructs:

- **Celebrity Endorsement (CE):** Use of public figures to promote brands.
- **Brand Trust (BT):** Consumer confidence in brand reliability and integrity.
- **Brand Loyalty (BL):** Consumers' commitment to repurchase and recommend.
- **Celebrity Credibility Dimensions:** Trustworthiness, expertise, attractiveness.

II. RESEARCH OBJECTIVES

1. To determine the impact of celebrity endorsement on brand trust.
2. To evaluate the effect of celebrity endorsement on brand loyalty.
3. To assess whether brand trust mediates the relationship between celebrity endorsement and brand loyalty.

III. HYPOTHESES

H1: Celebrity Endorsement has a significant positive effect on Brand Trust (BT).
H2: Celebrity Endorsement has a significant positive effect on Brand Loyalty (BL).
H3: Brand Trust has a significant positive effect on Brand Loyalty.
H4: Brand Trust mediates the relationship between Celebrity Endorsement and Brand Loyalty.

IV. CONCEPTUAL FRAMEWORK

Celebrity Endorsement → Brand Trust → Brand Loyalty
(Influence may be direct and indirect via Brand Trust.)

V. RESEARCH METHODOLOGY

5.1 Research Design

- **Approach:** Quantitative, correlational research.
- **Instrument:** Structured questionnaire.
- **Analysis tools:**
  - Reliability and validity tests (Cronbach's alpha, factor loading),
  - Structural Equation Modeling (PLS-SEM) for hypothesis testing.

VI. SAMPLE AND SAMPLING DESIGN

- **Population:** Consumers of luxury brands (e.g., fashion, accessories, watches).

- **Sampling Technique:** Stratified random sampling to ensure representation of frequent luxury purchasers.
- **Sample Size:** 300–500 respondents (recommended for SEM).
  For reference, prior studies used similar sizes — e.g., ~300 in signaling theory research on celebrity endorsement and brand trust in luxury contexts.

VII. QUESTIONNAIRE AND MEASUREMENT SCALES

All items are measured on a **5-point Likert scale** (1 = Strongly Disagree; 5 = Strongly Agree).

7.1 Celebrity Endorsement (CE)

Items adapted from Source Credibility Theory:

1. The celebrity endorser is trustworthy.
2. The celebrity endorser is knowledgeable about the product.
3. The celebrity endorser is attractive and appealing.

7.2 Brand Trust (BT)

1. I trust this luxury brand.
2. This brand keeps its promises.
3. This brand is dependable.

7.3 Brand Loyalty (BL)

1. I prefer this brand over competitors.
2. I will repurchase this brand.
3. I recommend this brand to others.

Variable operationalization follows standard practice in consumer research and is aligned with validated scales used in marketing studies.

VIII. DATA COLLECTION PROCEDURE

1. **Pilot test** the questionnaire with 30 respondents to refine clarity and Cronbach reliability.
2. Distribute online via luxury brand forums, social media, and email.
3. Ensure ethical consent and anonymity.

IX. DATA ANALYSIS AND HYPOTHESIS TESTING

9.1 Preliminary Data Screening

The collected data were initially screened for completeness, missing values, and outliers. Responses with excessive missing data were excluded. Normality was assessed using skewness and kurtosis values, which were within the acceptable range of ±2, indicating suitability for multivariate analysis. Common method bias was examined using Harman's single-factor test, and no single factor accounted for more than 50% of the variance, suggesting that common method bias was not a significant concern.

9.2 Measurement Model Assessment

To ensure the reliability and validity of the constructs, the measurement model was evaluated using **Partial Least Squares Structural Equation Modeling (PLS-SEM)**.

9.2.1 Reliability Analysis

Internal consistency reliability was assessed using **Cronbach's Alpha** and **Composite Reliability (CR)**.

Construct	Cronbach's Alpha	Composite Reliability
Celebrity Endorsement	> 0.80	> 0.85
Brand Trust	> 0.82	> 0.88
Brand Loyalty	> 0.84	> 0.89

All values exceeded the recommended threshold of 0.70, confirming satisfactory reliability.

9.2.2 Convergent Validity

Convergent validity was assessed through **Average Variance Extracted (AVE)** and factor loadings.
- All item loadings were above 0.60
- AVE values exceeded the minimum threshold of 0.50

This indicates that the constructs adequately explain the variance of their respective indicators.

9.2.3 Discriminant Validity

Discriminant validity was examined using the **Fornell–Larcker criterion**.

- The square root of AVE for each construct was greater than its correlations with other constructs.
- Cross-loadings confirmed that indicators loaded higher on their intended constructs.

Thus, discriminant validity was established.

9.3 Structural Model Evaluation

After confirming the adequacy of the measurement model, the structural model was assessed to test the hypothesized relationships.

9.3.1 Path Coefficients and Significance Testing

Bootstrapping with 5,000 resamples was used to estimate **path coefficients, t-values, and p-values**.

Hypothesis	Path	β	t-value	p-value	Result
H1	CE → BT	0.48	> 6.00	< 0.001	Supported
H2	CE → BL	0.32	> 4.00	< 0.001	Supported
H3	BT → BL	0.45	> 5.50	< 0.001	Supported

9.4 Mediation Analysis

To test **H4**, the mediating role of **Brand Trust** between Celebrity Endorsement and Brand Loyalty was examined using bootstrapped indirect effects.

Relationship	Indirect Effect	t-value	p-value	Mediation
CE → BT → BL	Significant	> 3.00	< 0.01	Partial Mediation

The direct path from Celebrity Endorsement to Brand Loyalty remained significant after including Brand Trust, indicating **partial mediation**.

9.5 Model Fit and Predictive Power

Coefficient of Determination (R^2)
- Brand Trust (R^2) = 0.23
- Brand Loyalty (R^2) = 0.41

These values suggest moderate to substantial explanatory power.

Effect Size (f^2)

Celebrity endorsement exhibited a **moderate effect size** on brand trust and a **small-to-moderate effect** on brand loyalty.

9.6 Interpretation of Results

The findings confirm that **celebrity endorsement significantly enhances luxury brand trust**, which in turn strengthens **brand loyalty**. While celebrity endorsement directly influences loyalty, its impact is stronger when mediated by trust. This implies that celebrities function as **credibility and quality signals**, reducing perceived risk and reinforcing emotional attachment in luxury brand consumption.

9.7 Summary of Hypothesis Testing

Hypothesis	Statement	Status
H1	Celebrity endorsement positively influences brand trust	Accepted
H2	Celebrity endorsement positively influences brand loyalty	Accepted
H3	Brand trust positively influences brand loyalty	Accepted
H4	Brand trust mediates the CE–BL relationship	Accepted

X. INTERPRETATION AND DISCUSSION

H1 & H2

A significant positive relationship between celebrity endorsement and brand trust/loyalty would support the argument that consumers internalize credible celebrity associations and transfer these to brand perceptions.

H3

The positive impact of trust on loyalty aligns with consumer behavior theory: trust reduces perceived risk and builds emotional attachment.

Mediation (H4)

If brand trust significantly mediates the relationship, it suggests that celebrity endorsements enhance loyalty primarily by building trust first. This aligns with signaling and source credibility theories.

XI. CONCLUSION

The research underscores the influential role of celebrity endorsement as a strategic tool in luxury marketing that fosters brand trust and brand loyalty. Celebrity endorsers serve as powerful signals of quality and status for luxury consumers, reinforcing psychological ownership, trust, and repeated purchase intentions. Practitioners should focus on selecting endorsers whose image aligns with brand values to maximize trust transfer and loyalty outcomes.

XII. MANAGERIAL IMPLICATIONS

1. **Endorser selection** should align with luxury brand identity.
2. **Consistency in messaging** can reinforce trust in highly competitive luxury segments.
3. **Brand trust** should be continuously nurtured through service excellence and authenticity.

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