Determinants of Brand Credibility in Telecom Sector

Sarwat Afzal, Aamir Khan Chandio and Bais Ali Ghumro

Factors affecting the customer satisfaction have greater importance in order to know the reasons behind the brand credibility. Customers are satisfied when needs, wants and desires are being fulfilled by any brand then customers believe in that brand and so that the particular brand will perform according to expectations. The purpose of this research is to know the determinants of brand credibility in telecom sector just like celebrity endorsement, perceived risk, trust and service quality and the impact of these determinants on brand credibility. In this research study these factors will be identified through literature review. These factors create positive image in the minds of customers and ultimately customers preferences towards that particular brand increases. For this research, population will be all telecom users so convenience sampling technique will be used and sample will be off 200 respondents who use any telecom network. Data will be collected through questionnaire and following the data collection, it will be analyzed through SPSS software.

Keywords: Brand Credibility, Celebrity Endorsement, Perceived Risk, Trust and Service Quality.

Introduction
Brand credibility is the phenomenon which is used to measure the believability of the customer towards particular brand. This study will examine the factors which affects the brand credibility. Data will be collected through Questionnaire by using convenience sampling technique. Following the data collection, the study will identify the factors that cause consumers towards a good perception for a brand means for brand credibility.

Background of the study
Service is a holistic process which provides the spotlight to the internal relationship between the service provider company and the employees and also in external relationship between the consumers and service provider (Riley and Chernatony, 2000). Just against the products intrinsic properties of services include intangibility, inseparability, heterogeneity, possession and perish ability (Mortimer, 2002). Intangibility property of service refers to the extent at which a product or service cannot give unambiguous and real image (McDougall and Snetsinger, (1990) which is positively connected to doubt or uncertainty (Mitchell and Greatorex, 1993; Murray and
Schlacter, 1990; Zeithaml and Bitner, 2000). So the intangibility property of services gives a clear path to companies that branding is very much important for services in order to create brand image as well as brand recognition in consumer’s minds (Baek and King, 2011).

Higher competition in market within service sector and intrinsic characteristics of services that intangibility and lack of physical characteristics leads service companies to develop strong brands (O’Cass and Grace, 2003) so this research is being conducted in order to know the factors which lead brands to credible the position in market means towards brand credibility.

**Literature Review**

**Brand credibility**
Brand credibility is the perception and trust of a person in a brand that both a brand has the capability and readiness to provide what has been assured to deliver (Erdem and Swait, 2004). Wernerfelt (1988) considers that higher the credibility of brand then higher will be the consumer’s perceptions regarding the quality of brand because in consumer’s opinions brand will be high in quality than other brands that are not having much credibility.

**Celebrity endorsement**
Many corporations invest billions of dollars in celebrity endorsement to use it in advertising promotion, identifying that celebrity endorsement is a best tool which convey meaning to particular brands (Akhturan, 2011). MarketWatch (2006) states that one out of four advertisements use celebrity endorsement. Celebrity endorsement is having influence on many things just like on success of advertising, brand recognition, helps people recall the brand, influences on purchase intention and the behavior when purchasing any brand (Spry, Papu and Cornwell, 2011).

Goldsmith, Lafferty and Newell (2000) state that celebrity endorsement is a degree on which celebrity is perceived that whether having the expertise related to it and can people trust on that celebrity when giving opinions related to any brand or topic.

**Perceived risk**
Perceived risk is having no generally acknowledged definition within the ground of the consumer behavior and it varies frequently according to the perspective of study (Conchar, Zinkhan, & Olavariette, 2004). When the study of perceived risk, it is required to think in the different dimensions of this idea. (Jacoby & Kaplan, 1972) recognized the five different dimensions that are linked between perceived risk to the purchase.

**Physical Functional:** It is related the performance of the product, associated to the physical comfort or health. (Roselius, 1971).

**Financial:** It is related with the potential monitory failure (Mitchell, 1998).

**Social:** Comparative to the view of other individuals regarding the buyer,
Psychological risk: It linked to the person's self respect.

Time risk: It refers to the lost of time which effects the failure of product.

It has been recommended that growing consumer information is the most important approach to reduce perceived risk because if they have more knowledge or experiences so consumer perceive less risk. Knowledge is frequently calculated both subjectively and objectively (Cordell, 1997). Most research studies measure the subjectively consumer knowledge. In the perspective of brand management and product, many research studies gave a variety of special effects on consumer decision making on risk aversion (Rao & Bergen, 1992).

Trust
According to Chaudhuri and Holbrook (2001) trust is readiness of a person to believe in others capabilities that the brand will perform its basic functions. Trust is the part of brand credibility in brand extension approval (Keller and Aaker, 1992). Trust has been studied in several ways in different literature. Kelton, Fleischmann, and Wallace (2008) defines four levels of trust which are: Individual (which is related to personality of person), interpersonal (when one person trusts on other person), relational (which is the partnership between two parties) and societal (which is related to characteristics society as whole).

Zeithaml (1988) states perceived quality is consumer’s opinions about that brand. Perceived quality is also being defined as the assessment variable which explains the behavioral intentions. Perceived quality always influences customers perceptions towards the brands as the behavior of customers is change in different times.

Service Quality
Author Lewis and Booms (1983) said that the service quality is the phenomena by which the customers’ expectations match with the level of delivery of service. Newman and Pyne (1996) linked the social and commercial importance of the company with the improved service quality and it also endorses their business interests. Past researchers also said that not only its helps the organizations in generates profits but also leads towards the highly satisfy customers (Oliver, 1980; Bolton and Drew, 1991; Stahl and Bounds, 1991; Fitzsimmons and Fitzsimmons, 1994; Zeithaml and Bitner, 1996).
Hypothesis

H1: Celebrity endorsement is positively associated with brand credibility.

H2: Perceived risk is negatively associated with brand credibility.

H3: Trust has positive relationship with brand credibility.

H4: Service quality has positive relationship with brand credibility.

Population of this study is all cellular network users. Sample consists of all cellular network users and the size of sample is 200. Primary data has been used for this research. Pakistan’s telecom industry has been taken in this research so the population will be all people who use the cellular networks. Data has been collected through questionnaire. Five points likert scale was formulated in which scale was: 5= Strongly Disagree, 4= Disagree, 3= Neutral, 2= Agree and 1= Strongly agree. Data has been analyzed through SPSS. Convenience sampling techniques has been used in this study.
Reliability

Table 1: Reliability

<table>
<thead>
<tr>
<th>Description</th>
<th>Cronbach α</th>
<th>KMO</th>
<th>Bartlett's Test</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Credibility</td>
<td>0.800</td>
<td>0.804</td>
<td>286.453</td>
<td>5</td>
</tr>
<tr>
<td>Celebrity Endorsement</td>
<td>0.819</td>
<td>0.831</td>
<td>317.628</td>
<td>5</td>
</tr>
<tr>
<td>Perceived Risk</td>
<td>0.825</td>
<td>0.827</td>
<td>331.392</td>
<td>5</td>
</tr>
<tr>
<td>Trust</td>
<td>0.679</td>
<td>0.678</td>
<td>147.585</td>
<td>4</td>
</tr>
<tr>
<td>Service Quality</td>
<td>0.872</td>
<td>0.864</td>
<td>463.176</td>
<td>5</td>
</tr>
</tbody>
</table>

In reliability analysis we check the reliability of our instrument. Cronbach α, represents the reliability. Reliability's minimum acceptable range is 0.6 and in our reliability analysis cronbach α, value of every variable is more than 0.6 which shows that data is reliable. KMO test help to measure the sampling adequacy. The value of KMO ranges from (0-1). To be an adequate sample the value of KMO must be greater than 0.6 as in this research the value of every variable KMO is greater than 0.6, values are Brand Credibility (0.804), Celebrity Endorsement (0.831), Perceived Risk (0.827), Trust (0.678) and Service Quality (0.864) which shows that factor analysis is appropriate and sample is adequate. Bartlett's test which measures the sphericity, was found to be significant at 0.05. Here in this study, all values of the model variables were found to be significant (table 1).
Correlation

Table 2: Correlations

<table>
<thead>
<tr>
<th>Correlation</th>
<th>Brand Credibility</th>
<th>Celebrity endorsement</th>
<th>Perceived Risk</th>
<th>Trust</th>
<th>Service Quality</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Credibility</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Celebrity endorsement</td>
<td>0.610**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perceived Risk</td>
<td>1</td>
<td>0.692**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trust</td>
<td>1</td>
<td>0.370**</td>
<td>0.398**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Service Quality</td>
<td>1</td>
<td>0.600**</td>
<td>0.642**</td>
<td>0.680</td>
<td>0.356**</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).

Correlation test assist to make the conclusion about the relationship among the dependent and independent variables that how much effect independent variables, celebrity endorsement, perceived risk, trust and service quality cause at dependent variable brand credibility. The result of Pearson correlation for celebrity endorsement is 0.610 which shows that celebrity endorsement has positive relationship with brand credibility. The value of perceived risk in Pearson correlation is 0.616 which shows the positive relationship between perceived risk and brand credibility. Trust value in Pearson correlation is 0.482 which is also having positive relationship of trust with brand credibility while the value of Pearson correlation is 0.600 which also shows the positive relationship of service quality with brand credibility.
Regression

Table 3: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>R Std. Error of the Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.720a</td>
<td>.518</td>
<td>.509</td>
<td>.61336</td>
<td>1.725</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Service Quality, Trust, Celebrity endorsement, Perceived Risk
b. Dependent Variable: Brand Credibility

The model summary shows the model fit. In the Table model summary the value of R is given which stands for the correlation of the variables. The value of R is .720 so it shows the positive relationship between the dependent variable brand credibility and the independent variables, service quality, trust, celebrity endorsement and perceived risk. The value of R Square shows that the variability in the dependent variable, Brand Credibility is explained 51.8% by the variability in the independent variables, service quality, trust, celebrity endorsement and perceived risk. It shows that the linear combination of independent variables in the regression analysis predicts total variance of dependent variable by 51.8% and 49.2% are the other determinants which is having a impact on brand credibility.

ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>78.997</td>
<td>4</td>
<td>19.749</td>
<td>52.495</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>73.361</td>
<td>195</td>
<td>.376</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>152.358</td>
<td>199</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Service Quality, Trust, Celebrity endorsement, Perceived Risk
b. Dependent Variable: Brand Credibility

Actual significant value is 0.05 and this Table Anova shows the sig value of 0.00 so according to it sig value 0.00<0.05 which shows that there is an association between the dependent variable, Brand credibility and the independent variables, Service Quality, Trust, Celebrity Endorsement and Perceived.
Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>.716</td>
<td>.171</td>
</tr>
<tr>
<td></td>
<td>Celebrity endorsement</td>
<td>.243</td>
<td>.075</td>
</tr>
<tr>
<td></td>
<td>Perceived Risk</td>
<td>.209</td>
<td>.077</td>
</tr>
<tr>
<td></td>
<td>Trust</td>
<td>.186</td>
<td>.044</td>
</tr>
<tr>
<td></td>
<td>Service Quality</td>
<td>.192</td>
<td>.062</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Brand Credibility

Here, dependent variable is brand credibility and the independent variables are celebrity endorsement, perceived risk, trust and Service quality.

Unstandardized Coefficients B shows the change in independent variable will cause change in dependent variable. If 1 unit of celebrity endorsement increase, which the independent variable in this study is, there will be a 0.243 unit increase in brand credibility. and if the 1 unit increases in perceived risk, then there will be 0.209 change occur in brand credibility. If 1 unit changes in trust then there will be 0.186 changes in brand credibility. Simultaneously, 1 unit changes in service quality causes 0.192 changes in brand credibility. t value shows the strength of relationship between the variable. If the value of t is more than 2 either positive or negative it shows the relationship. Here in this table, t value of celebrity endorsement is 3.232 which show the strong relationship between the celebrity endorsement and brand credibility. Simultaneously the t value of all other independent variables Perceived risk (2.701), trust (4.228) and service quality (3.111) which shows the strong relationship of all these variables with dependent variable brand credibility.

H1: Celebrity endorsement is positively associated with brand credibility.
Above table shows the value of unstandardized coefficient B is 0.243 so this shows the positive relation between celebrity endorsement and brand credibility So this hypothesis has been accepted.

H2: Perceived risk is negatively associated with brand credibility.
As the results in table shows that unstandardized coefficient B value is 0.209 which shows that perceived risk and brand credibility are positively related with each other so this hypothesis has been rejected.

H3: Trust has positive relationship with brand credibility.
Above results in the table show that the value of unstandardized coefficient B is 0.186 so this shows the positive relation between trust and brand credibility so this hypothesis has been accepted.

H4: Service quality has positive relationship with brand credibility.

Results in the table shows that the value of unstandardized coefficient B is 0.192 so this shows service quality and brand credibility has positive relationship with each other so this hypothesis has been accepted.

**Conclusion**

This study has been conducted in order to know the different factors which have an influence on brand credibility. Data has been analyzed, hypothesis has been made. Survey has been conducted to know the impact of different variables, celebrity endorsement, perceived risk, trust and service quality. After the data analysis we got the results and results of these tests shows that our three hypothesis are accepted and one is rejected. The hypothesis 1 has been accepted because it shows the positive relationship of celebrity endorsement with brand credibility. Hypothesis 2 has been rejected because it shows the positive relationship of perceived risk with brand credibility which is vice versa to proposed hypothesis. Hypothesis 3 has been accepted because of the positive relationship of trust and brand credibility. Hypothesis 4 is also accepted because it has shown positive relationship between service quality and brand credibility. So cellular organizations have to be careful regarding it that the needs, wants and the expectations of the customers has to be analyzed and then formulate the appropriate strategies to focus in order to make their brand in credible condition in the market.

**Reference**


Stahl, M.J. and Bounds, G.M. (1991), Competing Globally through Customer Value, Quorum Books, Westport, CT.