

## CHAPTER 2 LITERATURE REVIEW

This chapter is a review of literature. It presents the necessary theoretical background for the research of advertising credibility in order to develop the hypotheses. The review of literature has three major parts: (1) advertising credibility, (2) medium credibility, and (3) self-esteem and skepticism towards advertising.

### 2.1 Conceptual Definitions and hypotheses

The research aims to explore the factors that affect advertising credibility. It is supposed that consumer perception of advertising credibility is influenced by three elements of the communication process: sender, channel, and receiver (Schramm, 1971). Prendergast, Liu and Poon (2009) have examined the effects of product/service advertisers (i.e. senders), advertising media (i.e. channels), and self-esteem and skepticism towards advertising (i.e. receiver trait) on advertising credibility. Advertisements for weight-loss services/products were the least credible in their study. This study focuses on the effects of channel and receiver trait on advertising credibility of the weight-loss company in Hong Kong. The conceptual definitions of advertising credibility, medium credibility, self-esteem, and skepticism towards advertising and related research hypotheses are discussed below.

#### 2.1.1 Advertising credibility

Advertising credibility is the degree to which consumers perceive claims made by the advertisements are credible. In other words, the claims are true, no deceptive contents, and can be believed (Lutz, 1985). According to MacKenzie, Lutz and Belch (1986), advertising credibility has a positive impact on consumer attitude towards the advertised product, service, or brand. In turn, favourable attitude affects positively consumer purchase intention. This is the underlying reason why advertisers should concern about the credibility of their advertisements. Advertising is a form of communication (Dyer,

2008). There are three major elements of the communication process: sender, channel, and receiver (Schramm, 1971). They are the factors that may influence advertising credibility (Prendergast et al., 2009). Weight-loss companies are perceived as less credible advertisers in Hong Kong because many of them have exaggerated the benefits (Hong Kong Consumer Council, 1999). In addition, media and self-esteem may have influence on advertising credibility.

### 2.1.2 Medium credibility

Lutz (1985) defined advertising credibility in terms of claims made in the advertisement. However, credibility is not only influenced by the market offering being advertised, but also influenced by the medium through which the advertising message is communicated. According to the vehicle source effect of Aaker and Brown (1972), each medium has its own image and personality. Hence, advertising media have different impacts on consumers' perceptions of the advertisements (Golan, 2010). The concept of medium credibility was discussed by Becker, Martino, and Towers (1976). Kiouisis (2001) provided a definition of medium credibility that it is the consumers' perceptions of the average believability or trustworthiness to the advertising medium's advertising content in general.

Prendergast et al. (2009) found that different media have different levels of credibility. General speaking, tradition media were more credible than non-traditional media. Television advertisements were the second credible media; internet advertisements were the least credible media (Moore and Rodgers, 2005). Internet advertisements are less credible because anyone can upload or put anything to the internet, making consumers hard to distinguish the source (Flanagin and Metzger, 2010; Marshall and Na, 2003). However, Internet sources were found to be more credible than traditional media in the study of Johnson and Kaye (1998). Based on these researches, internet and television have an argument for which one is perceived as having low credibility in Hong Kong.

Prendergast et al. (2009) have tested the credibility of many media, including print media. At first, the study would like to test medium credibility of television advertisement, print advertisement and internet advertisement sponsored by weight-loss Company. However, it is noticed that print media can be in many forms, including newspaper, general magazine, women's magazine, and men's magazine. They have different credible levels and the differences are big (Johnson and Kaye, 1998; Stavrositu and Sundar, 2008). It is afraid that the respondents may be confused if the study involves too many media. Therefore, only television and internet were selected. The study is intended to find out which medium, television or internet, is the least credible medium. This leads to the following two hypotheses:

H1. Television is perceived as the more credible advertising media than internet

### 2.1.3 Self-esteem and skepticism towards advertising

Skepticism towards advertising was defined as tendency to disbelieve the claims of advertisement (Obermiller, Spangenberg, and MacLachlan, 2005). It is similar to the concept of advertising believability and has influence on advertising credibility (Lutz, 1985; Prendergast et al., 2009). Consumers with higher level of skepticism tend to disbelieve to the claims made in the advertisements (DeLorme, Huh, and Reid, 2009; Obermiller and Spangenberg, 1998). They are less dependent on, and attentive to, advertisements. They respond more positively to emotional appeals than information appeals (Obermiller et al., 2005). Hence, Prendergast et al. (2009) believed self-esteem is associated with skepticism towards advertising.

Self-esteem is a consumer trait. It was defined as the value that we place on ourselves (Hanna, 2007), or one's reputation with oneself (Branden, 1994). High self-esteem people have more value in their own view or belief and are more demanding. They are difficult to persuade (Prendergast et al., 2009). A longitudinal research conducted by Boush, Friestad, and Rose (1994) found that highly self-esteem