

Image and customer loyalty

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To ensure the relationship of brand, company, and location image with customer loyalty, this study surveyed Chinese wine consumers by convenience sampling at a Chinese hypermarket in Yantai, China. Factor analysis resulted in four variables; brand image, corporate competitiveness image, corporate social responsibility image, and location image. Regression analysis is in congruence with previous researches, supporting the positive impact of the image variables on customer loyalty. Some implications for marketing managers attempting to tackle the Chinese wine market are suggested.

Field of Research: Marketing, International Consumer

1. Introduction

There is no doubt that loyalty is an important concept for marketers (Rundle-Thiele, 2004). For some product categories such as champagne consumers are more sensitive to brands, because of the level of social involvement, the low level of product familiarity, and thus the difficulty for consumers to evaluate the product on the basis of its tangible attributes (Fornerino & d'Hauteville, 2010). Thus attention is focused on such intangible attribute as image which will be dealt with as the topic in this study. Concretely, the image in the dimensions of brand, company, and location (area of production) related to customer loyalty of a Chinese wine manufacturer is to be tackled with the beginning of literature review relevant to the theme.

2. Literature Review

Rundle-Thiele (2004) tested a consolidated measure of loyalty in a retail context. His paper provides an insight into how a multi-dimensional view can better explain how and why customers are loyal, providing more direction to retail marketers for improving loyalty levels.

DeLong, Bao, Wu, Chao, & Li (2004) focused on perceptions of registered brands sold in Shanghai, expanding understanding of brand identity from a Chinese perspective. Low brand loyalty among the Chinese shoppers meant that brand image is keen. They suggest that to remain competitive, US companies which plan to increase their market in China need to pay attention to product quality and how brand identity is interpreted within Chinese culture.

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3. Research model and analysis

A strong corporate image is the start point for subsequent customer loyalty-building (Nguyen & LeBlanc, 1998). Measuring a consumer's overall attitude towards the company is fit for corporate image as suggested by Nicholls, Roslow, & Laskey (1994), and Ko, Kim, Claussen, & Kim (2008). Dowling (2004) conceptualized corporate image as the descriptive beliefs an individual holds about an organization. Country image was first defined by Nagashima (1970) as particular picture, reputation, and stereotype towards products of a specific country held by consumers. He added that country image is formed by the country's representative product, political and economic background, and historic tradition variables, which mean overall country image. Day (1969) first proposed that loyalty is a concept comprising two dimensions, namely attitudinal and behavioral loyalty. These two dimensions are adopted and measured in this study. According to Zeithaml, Berry, and Parasurman (1996) loyalty may be expressed in such way as consumer preferences for a brand over others, repeated purchase of a specific brand.

Hypothesis 1: Brand image has a positive impact on customer loyalty.
Hypothesis 2: Corporate image has a positive impact on customer loyalty.
Hypothesis 3: Area of production (location) image has a positive impact on customer loyalty.

According to Pope & Voges (2000: 97), brand familiarity appears to be based on prior experience and brand exposure by other means. Substituting brand image for brand familiarity in the above commentary of Pope & Voges, the same logic can be repeated regarding brand image. Pappu & Quester (2006) mention that retailer associations are consumers' thoughts linked to the name of the retailer. Javalgi, Traylor, Gorss, & Lampman (1994) measured corporate image by six items, but I adopt just two of them, i.e. 'sponsors have good products' and 'sponsors are involved in the community.' David, Kline, & Dai (2005) settle on three categories of corporate social responsibility, to which 11 items belong. I adopt one item of moral category, 'to act responsibly toward the environment', and two items of discretionary category, 'to contribute resources to the art and cultural programs', and 'to support public health programs. One additional item was newly developed for this study, 'to support educational institutes'. Area of production (location) image extracts some of its components from Srikatanyoo & Gnoth (2002) who view country image as beliefs about a country's industrialization and national quality standard. Customer loyalty is operationalized as a preference for a specific brand, a priority selection of a brand over others, and disinclination to purchase other competing brands. Loyalty as the tendency to prefer a focal retailer as demonstrated by the intention to buy from the retailer as a primary choice (Pappu & Quester, 2006), and Wang (2010)'s measure of customer loyalty as the first choice of hairstyling/barber services are all the same as that of a priority selection of a brand over others in this study.

The data collected were analyzed using SPSS version 12.0. Statistical techniques such as factor analysis and multiple regression analysis were used to achieve the goals of this study. Each item is rated on a five-point Likert-type scale anchored by "strongly disagree" (1) and "strongly agree" (5). Items that were cross loaded in more than one dimension can be deleted or related to a different factor. I chose to relate them, as was performed in Silva & Alwi

(2008). Corporate image turned out to be separated into corporate competitiveness image and corporate social image. Brand diversity and health-oriented were originally associated with brand image but are now grouped into corporate competitiveness and social image, respectively. One of the original corporate image items 'good tax payer' was found to belong to brand image. However, I decided to delete the item from further analysis, because I failed to find out any theoretical, empirical or practical basis on which 'good tax payer' item can be declared to belong to brand image. The final round of analysis on the retained 17 items resulted in a four-dimensional structure. They explained 70.8 percent of the overall variance. In order to assess the reliability of the items, Cronbach's alpha internal consistency measure was used. The results indicate a high level of internal consistency among the four dimensions: brand image (0.74), corporate competitiveness image (0.87), corporate social image (0.88), and location image (0.83). The benchmark for reliability Cronbach alpha score is .70 recommended by Nunnally (1978), thus all above the recommended 0.70 cut-off point. The regression analysis was employed to test the relationships posited in the model. Factor scores from the factor analysis were used as the input variables following Kim, Ma, & Kim (2006). The coefficient of determination (R^2) for the equation used in this study has large effect size (>0.26) according to Cohen(1962)'s convention.

4. Findings and conclusion

The dependent variable, customer loyalty, was regressed on all the variables – brand image, corporate competitiveness image, corporate social image, and location (area of production) image. The model is significant at $p < .001$ indicating 99.9 percent confidence in explaining the dependent variable. All the four variables are found to have a significant and positive influence on customer loyalty at a significant level of .001 or .01. The R square of .51 indicates that 51 percent of the variance in customer loyalty was explained by the variations in the four independent variables. The standardized beta weights are in the hypothesized direction. These findings substantively support H1, H2, and H3. Looking at the beta coefficients, corporate image has the highest contribution towards customer loyalty (beta = .45), followed by brand image and location image .

As Veloutosou, Gioulistanis, & Moutinho (2004) implied, products with a strong brand image would create more loyal followers. Maintaining healthy relationships between a company and the public is perceived to contribute to a corporation's ability to be a leader within a product category. Brown & Dacin (1997) also demonstrate that development of brand equity via socially responsible actions can be used to generate competitive advantages. Favorable information about the location (area of production) helps create positive attitude toward the customer loyalty. A plausible explanation for this expected relationship is that Chinese consumers perceive the wine brand originating from the area of production (Yantai) is reliable and high quality. Since consumers are mostly well educated, as indicated by the education level of the study sample (77.5% of them with college degree), it can be expected that they are well informed about the original production area of their selected brand. The findings imply that wine producers attempting to tap into

Chinese market should put greater emphasis on creating good image of their brand, company and production area in order to ensure loyal customers. Marketing practices should also be directed to enhance overall image. In a wine marketing context, retailers acknowledge the importance of origin (location) through their practice of categorizing bottled wine in the shelves by origin (Orth, Wolf, & Dodd, 2005: 89). Nowak, Thach, & Olsen (2006: 317-318) suggest emotion marketing to wine marketers, which means a total company effort by employees, events, and communications to give the customer a tremendous sense of belonging and camaraderie. They exemplify tasting room experience as a perfect place to start building this relationship with younger wine consumers. Loyalty programs such as community-building (i.e. support of local schools or events) can build strong emotional bonds. It seems there is an immutable link between wine production location and quality. Tying all the information together on the relationships between brand image, corporate image (in terms of competitiveness and social responsibility), and location (area of production) image sought by consumers provides marketers with a powerful tool for effectively addressing and persuading consumers, thereby acquiring customer loyalty. Though the shopping center (hypermarket) intercept survey is recognized as an effective method of collecting data, limitations arise from the lack of random sample selection. Replication of the study with different product categories in different countries would be beneficial in understanding the extent of the model's usefulness.

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