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An investigation of corporate image, customer satisfaction and loyalty – more than just monkey business

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Abstract

Prior research into corporate branding, of which corporate image is a key construct, has focused primarily on products. There has, however, been limited academic research focusing on corporate branding in the leisure services sector. However, in an increasingly competitive environment, leisure services need to treat branding and image management as more than just “monkey business”. This study addresses this by developing a model and empirically testing the relationships between corporate image, the dimensions of corporate image, customer satisfaction and loyalty in the context of a Zoological garden. As predicted, a strong relationship was found between corporate image, customer satisfaction and customer loyalty. Our results also suggest that three dimensions of corporate image (adventure, mission/vision and agreeableness) explain a significant proportion of the variance in satisfaction and loyalty.

Introduction

Brands, in their various guises, are an integral part of our everyday existence. Despite the growing importance of services (De Chematony and Segal-Horn, 2001; Kotler, Adam, Brown and Armstrong, 2006), branding has primarily been associated with physical goods. Considering the intangibility of services, many agree that building strong brands is one of the most important goals for service organisations (Dibb and Simkin, 1993; Esch, Langner, Schmitt and Geus, 2006), suggesting that branding strategies and image creation may be even more critical for services than products (Onkvisit and Shaw, 1989). Despite this, there are service sectors such as entertainment and leisure, where branding is not particularly well developed (Loo and Davies, 2006). Yet, the leisure services industry is beginning to play an increasingly significant role in the Australian economy, with 10.3% of local household income in 2003-04 being spent on recreational services, supported by an increase in the size of the cultural and recreational services sector of 18.6% in 2004-05 (Australian Bureau Statistics, 2008). The trend towards a time-poor population (Esch et al., 2006) means that, in order to capture a share of their target market’s leisure time, leisure services must find a point of competitive advantage. Where a focus on branding was previously considered as frivolous “monkey business”, leisure organisations, including Zoological gardens, now have to consider brand and image management as a strategic imperative. Considering this and the comparatively minimal research into services branding, the current study takes a road less travelled, investigating corporate brand image and its dimensions in the context of the leisure services sector, and in particular Zoological gardens. The relationships under investigation are depicted in Figure 1.

Figure 1: A conceptual framework
Corporate Image

Corporate image is defined by Balmer (1998) as associations and meanings connected with an organisation. Although corporate image has been increasingly referred to by practitioners and in academic literature, there is little consensus as to its meaning. Grunig (2003) asserts that corporate brand image has been used as a synonym for concepts such as message, reputation, perception, cognition, attitude, credibility, belief, communication and relationship. In line with this, Aaker (1996) sees image as the net result of all the experiences, impressions, beliefs, feelings and knowledge that people have about a company. Nandan (2005) and Brown, Dacin, Pratt and Whetten (2006) provide further support for this view, construing image as consumer perceptions of the brand and what individuals know or believe about an organisation, respectively.

Corporate image, or, how stakeholders distinguish an organisation, is referred to by Davies and Chun (2004) as corporate character. Where the majority of literature considers image as a single dimension, Chun and Davies (2006) conceptualise image as a multi-dimensional construct consisting of five dimensions: competence, agreeableness, enterprise, chic and ruthlessness (Davies and Chun 2004). Agreeableness reflects trust and social responsibility, whereas competence denoted dependability and efficiency (Davies and Chun, 2004). The dimension of Enterprise is a signal of innovation and excitement, whilst being “chic” equates to sophistication (Davies and Chun, 2004). Ruthlessness was the only negative element of image reflecting organisational autocracy (Davies and Chun, 2004). Corporate image in this study is considered as multi-dimensional and is defined as stakeholders’ beliefs, perceptions, feelings and attitudes towards an organization in this case a Zoological garden. In line with the contention of Bosch, Venter, Han and Boshoff (2006) this study also considers that these perceptions, feelings and attitudes may be formed through customer response to an organisation's strategic intent, or in other words, mission and vision.

Satisfaction

A key reason for the focus on corporate branding in more recent years has been its documented link to not only improved financial performance but also customer satisfaction and loyalty (Javalgi and Moberg, 1997; Da Silva and Alwi, 2006; Madden, Fehle and Fournier, 2006). Oliver (1997) defines satisfaction as “...the consumer’s fulfillment response. It is a judgement that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption related fulfillment...” (p. 155). This definition highlights the evaluative nature of satisfaction whereby the consumer determines whether a product or service meets their expectations. It also emphasises that satisfaction is multi-dimensional, comprising of cognitive, attitudinal and behavioural aspects. Most research conducted into satisfaction has studied short term customer experiences. However, Price, Arnould and Tierney (1995) create a distinction between satisfaction being measured as a result of a brief transaction and that resulting from a temporally extended service encounter. The current study therefore conceptualises satisfaction as having attitudinal, behavioural and cognitive components and views it as the result of an extended service encounter.

Balmer (1998) highlights the importance of corporate image, asserting that an a priori link exists between an individual’s image of the organisation and that person’s behaviour towards it. In line with this, Chun and Davies (2006), in their research in the context of a retail setting, found positive image to be related to customer satisfaction. Furthermore, the disconfirmation paradigm suggests that satisfaction will occur when individual expectations are confirmed (Churchill and Surprenant, 1982). Therefore, it is reasonable to expect that a positive image and expectation of a leisure experience prior to consumption, if met or exceeded, would result in customer satisfaction. There is also the possibility that a positive corporate image may
negatively influence customer satisfaction. This may be the case where the image has created unrealistic expectations for visitors. Where these expectations are not met, customers are likely to be very dissatisfied. Moreover, Chun and Davies (2006) suggest that certain dimensions of image, specifically enterprise and agreeableness, have direct relationships with customer satisfaction in a retail context. Of the five image dimensions suggested by Chun and Davies (2006), only competence, agreeableness and enterprise are seen as relevant to organisations in the cultural and recreational sector. Responding to competitive pressures and a greater push for corporate social responsibility, operators in this sector are likely to value being socially responsible and trustworthy (agreeableness), innovative and exciting (enterprise) as well as efficient (competence). In the same light, they are likely to make their strategic direction, particularly if heading down a socially responsible path, a key part of their image, supporting the inclusion of mission/vision as an additional corporate identity dimension. However, cultural and recreational providers are unlikely to see being sophisticated (chic) as a critical success factor in the sector, nor would they want to be seen as ruthless and inflexible (ruthlessness) by their target market. Therefore, we argue that, just as corporate image has a positive relationship with satisfaction, so will the individual dimensions of agreeableness, enterprise, competence and mission/vision. Hence, we advance the following hypotheses:

1 (a): Corporate image has a significant positive relationship with customer satisfaction
1 (b): The dimensions of agreeableness, enterprise, competence and mission/vision will have a significant positive relationship with customer satisfaction

Loyalty

Similarly to satisfaction, loyalty is conceptualised as multi-dimensional, consisting of attitudinal and behavioural components (Oliver, 1997; Jacoby and Chestnut, 1978; Dick and Basu, 1994). Three dimensional models of loyalty have been proposed where loyalty includes a behavioural, attitudinal and a cognitive component (De Ruyter, Wetzels and Bloemer, 1998; Bloemer, De Ruyter and Wetzels, 1999). However, in a study examining the dimensionality of the service loyalty construct across three different service types, Jones and Taylor (2007) found loyalty to be a two dimensional construct reflecting a behavioural element and a combined attitudinal/cognitive element. Considering that Jones and Taylor’s (2007) research is framed around a service context, it is appropriate to conceptualise loyalty in the same way for this current study.

Customer image is, to a large degree, created through experience with a service (O’Cass and Grace, 2004). It is plausible that a positive service experience would create a positive image in the consumer’s mind which would potentially lead to greater customer loyalty, particularly in the case of multiple positive experiences. It is then possible to suggest that customers with a positive image of the organisation and positive expectations of their leisure experience are likely to show a propensity towards re-visiting and re-experiencing the service, thus exhibiting greater loyalty. We can also argue that, just as corporate image has a positive relationship with loyalty, so will the individual dimensions of agreeableness, enterprise, competence and mission/vision. Therefore, it is hypothesised that:

2 (a): Corporate image has a significant positive relationship with customer loyalty
2 (b): The dimensions of agreeableness, enterprise, competence and mission/vision will have a significant positive relationship with customer loyalty

Methodology
Researcher administered surveys were used to collect data from respondents through a formal structured questionnaire. The sampling frame was all visitors who had attended an Australian Zoological garden in a one week period, with visitors being intercepted whilst enjoying their experience or upon exit. 193 questionnaires were completed in the 7 day period.

All of the scales pertaining to the three aforementioned constructs: corporate image, customer satisfaction and customer loyalty were based on existing literature. These constructs were measured on seven-point likert scales, which have been proven to provide high validity as measurement tools (Davies, Chun, Da Silva and Roper, 2004; Davies and Chun, 2002; Oliver, 1980; Price et al., 1995; Jones and Taylor, 2007).

The reliability of the measurement scales was found to satisfactorily meet Nunally’s (1978) recommendation, as the Cronbach α’s were above 0.7 for all constructs ((Corporate Image (.940), Agreeableness (.870), Modernity (.905), Adventure (.870), Competence (.811), Mission/Vision (.862), Satisfaction (.929), Loyalty (.906)). The Enterprise dimension of image suggested by Chun and Davies (2006) was found to be a multi-dimensional construct comprising the sub-constructs of modernity and adventure.

**Results and Discussion**

Simple regression analyses were used to determine the predictive ability of the corporate image on both customer satisfaction and customer loyalty. The results are presented in Table 1.

<table>
<thead>
<tr>
<th>Table 1: Corporate Image, Customer Satisfaction and Loyalty</th>
<th>Satisfaction</th>
<th>Loyalty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Image</td>
<td>.634***</td>
<td>.526***</td>
</tr>
<tr>
<td>( R^2 )</td>
<td>11.319</td>
<td>8.549</td>
</tr>
<tr>
<td>Adjusted ( R^2 )</td>
<td>.398</td>
<td>.273</td>
</tr>
<tr>
<td>( F )-Ratio</td>
<td>128.109***</td>
<td>73.084***</td>
</tr>
</tbody>
</table>

The \( R^2 \) values suggest that corporate image explains a significant 40% of customer satisfaction and 27% of customer loyalty, providing support for Hypotheses 1(a) and 2(a). These results indicate that a positive corporate image held by customers of a leisure services organisation is significant in creating satisfaction with the service experience and, to a lesser extent engendering customer loyalty. These results lend support for the disconfirmation paradigm (Churchill and Surprenant, 1982) suggesting that customers with a positive experience and image of a leisure service are likely to feel more satisfied with their subsequent experience(s). The somewhat weaker link of image to loyalty may be explained by a number of factors. In today’s age of ever-increasing petrol prices and interest rates, it is possible that the relationship between a positive image of a leisure experience and propensity to consume again may be mitigated by many other factors such as distance to travel and affordability.

Multiple Regression analyses were also used to determine the predictive ability of the individual dimensions of corporate image on both customer satisfaction and loyalty. The results are depicted in Table 2.
As illustrated in Table 2, the $R^2$ values suggest that the individual dimensions of corporate image together explain 41% of variance in customer satisfaction and 33% of variance in customer loyalty. These results imply that leisure services organisations should focus on the dimensions of corporate image rather than the aggregate construct, as this preserves more information and accounts for a larger variance in both customer loyalty and satisfaction.

Assessing the relative importance of each of the image dimensions in terms of the beta values, satisfaction is best predicted by enterprise (adventure) ($p<.001$) and mission/vision ($p<.05$). Mission/vision is also a significant predictor of loyalty ($p<.05$), as is the organisation’s agreeableness ($p<.05$). These results challenge those of Chun and Davies (2006), who found customer satisfaction to be driven by enterprise and agreeableness. The difference in results may be explained by the context in which this study was conducted and perhaps some macro-environmental trends. In the context of a zoological garden, it seems logical that adventure, which embodies excitement, imagination and nature, be formative in creating a satisfactory visitor experience. In view of today’s global trends towards environmental awareness and corporate social responsibility of organisations, a company’s strategic direction in line with these issues could be assumed to affect consumer satisfaction and loyalty. This may explain why the mission and vision of the zoological garden, which focuses on wildlife conservation, preservation of natural habitats and environmental awareness strongly affects both customer satisfaction and loyalty. Agreeableness also being a significant predictor of loyalty implies that customers are going to be more loyal to leisure organisations that they consider as trustworthy and honest. This also makes intuitive sense. Considering the intangibility and variability of services, the trust a customer places in a leisure organisation assures them of a consistent quality of experience, which would make them more likely to return.

Conclusion

The present study offers insight into the relationship between the corporate image, customer satisfaction and customer loyalty. Although the research lends support for the relationship between corporate image, customer satisfaction and loyalty, it provides a significant contribution in suggesting that corporate image be considered in terms of its dimensions. Considering image in terms of its dimensions significantly increases its explanatory power in terms of both satisfaction and loyalty. For leisure services organisations, such as Zoological gardens, managing the customer satisfaction and loyalty is not “monkey business”. The results suggest that, to foster maximum loyalty and satisfaction, leisure services operators need to concentrate on three dimensions of corporate image: mission/vision, agreeableness and adventure. By focusing on the development of these aspects, leisure services operators can achieve maximum return, in terms of satisfaction and loyalty outcomes, on their investment. However, it is recognised that a number of issues must be considered when interpreting the findings of this study. As a single-case case study design, an important limitation concerns the generalisability of the findings (Yin, 2003). Although analytic generalisation can be achieved, the findings are difficult to generalise to service environments not considered here. This provides an opportunity for replication of the model.
References


