



International
Marketing
Trends
Conference

Perception of Benefits as Reputation Determinants. Affective Customer's Perspective

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- I. Concept and Importance
- II. Objectives and Contributions
- III. Theoretical Framework
- IV. Conceptual Model
- V. Hypothesis
- VI. Methodology
- VII. Results
- VIII. Conclusions
- IX. Limitations and Future Research

CONCEPT & IMPORTANCE

Corporate Reputation (CR) is conceptualized as " observers make collective judgments of a company based on events that are attributed on their **financial, social and environmental** impact over time" (Barnett, Jermier & Lafferty, 2006).

Department Stores understand that their CR are one of the most sensitive consumer factors when choosing where to shop.

This sensitivity could be explained, among other things, by the fact that institutional responsibility (Rhee and Haunschild, 2006) has an important effect on the customer's willingness to pay for a product or service (Lopes and Galleta, 2006).

And therefore CR could:

- ✓ Positively influence the customer's perception for paying higher prices (Rindova, Williamson, Petkova, and Server, 2005).
- ✓ Significantly influence the perceived value (Zabkar and Arslanagic-Kalajdzic, 2013), satisfaction (Jayasankaraprasad and Kumar, 2012; and, Ou, Shih, Chen, and Tseng, 2012), loyalty, and word of mouth recommendation that a customer could give (Walsh, Mitchell, Jackson, and Beatty, 2009).

CONCEPT & IMPORTANCE

ADDITIONALY RC IS A RESULT OF:

- ✓ The triad: functional, hedonic y simbólic value (Jones, 2000)
- ✓ The confidence placed by the customer on the company (Walsh et al., 2009), as well as the customer's perception of familiarity with the company (Yang, 2007).
- ✓ The experiences that the customer has lived through (Shamma and Hassan, 2009), and the customer's perception of the quality of the purchased products and services (Wang, Lo, and Hui, 2003).
- ✓ The commitment expressed by the customer towards the company (Dehghan, Dugger, Dobrzykowski, and Balzs, 2014).
- ✓ The cognitive, emotional, and symbolic evaluations of the company (Cian and Cervai, 2014).
- ✓ Brand personality (Vila-López & Rodríguez-Molina, 2013)

Although different approaches have been developed for studying CR, as a background factor and/or as a consequence, there is very little relevant literature that delves deeper into the analysis of reputation from the point of view of the consumer's emotional perception.

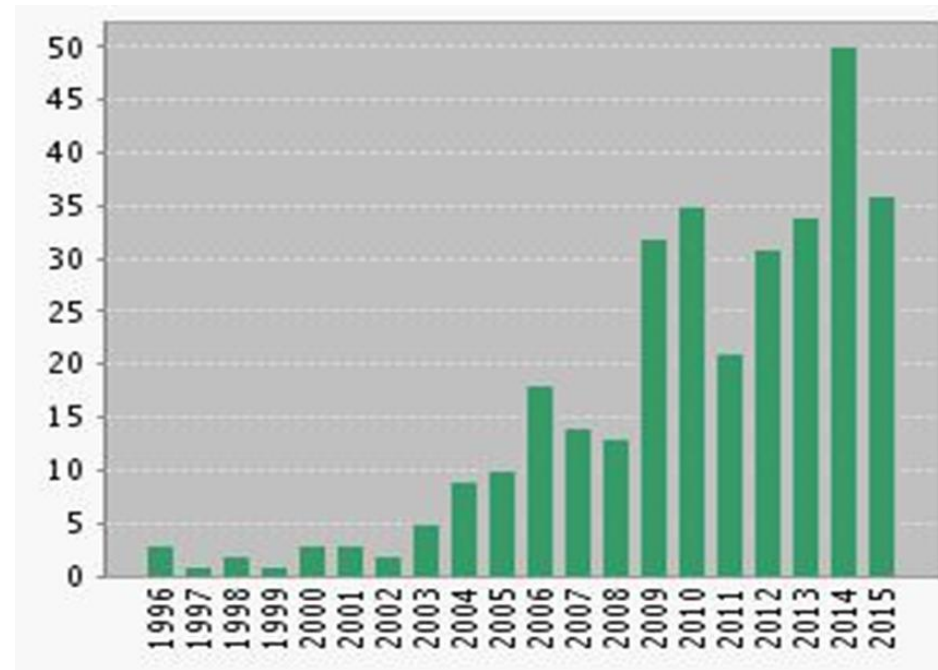
Therefore, the question of this research is:

¿HOW THE CUSTOMERS AFFECTIVE EVALUATION, BASED ON THEIR PERCEPTION OF BENEFITS FROM A DEPARTMENT STORE, WOULD INFLUENCE POSITIVELY THE COMPANY'S CR?

CONCEPT & IMPORTANCE

- ✓ Researches related to “corporate reputation” are growing.
- ✓ But there are still few. Only 326 publications in Web of Science until August 2015.
- ✓ In 2014, 50 articles were published.
- ✓ The last 5 years have been 57% of the publications of the period 1996-August 2015.

Publication per year “TOPIC: (corporate reputation)”=326 (article, review)



Source: Thomson Reuters: Web of Science.

OBJECTIVES & CONTRIBUTIONS

Our goal is to examine whether or not the affective evaluations of customers on department stores are reflected in their functional, hedonic and symbolic benefits' perceptions of the services and products received.

In this paper we test whether or not the perception of benefits significantly influences on the company reputation.

The study provides a theoretical and empirical evidence regarding corporate reputation from the point of view of the customer's emotional perception.

THEORETICAL FRAMEWORK

Dimensions	Theoretical Framework and Literature Review
➤ Reputation	<ul style="list-style-type: none">✓ Most studies regarding reputation, describing reputation as an organization's coherence over time. In this sense, reputation is based on the guarantee of reliable service, and is comparable to the zero defects philosophy (Herbig et al., 1994).✓ The reputation of a department store plays an important role in the decision-making process consumer buying (Graham & Fearn , 2005).
➤ Functional Benefits	<ul style="list-style-type: none">✓ It can be defined as a consequence of the consumption of products and/or services that meet the client's needs, as well as solves their problems (Mano and Oliver, 1993; Babin et al., 1994).✓ However, the client will also expect to obtain integral solutions to its problems (Okada, 2005).

THEORETICAL FRAMEWORK

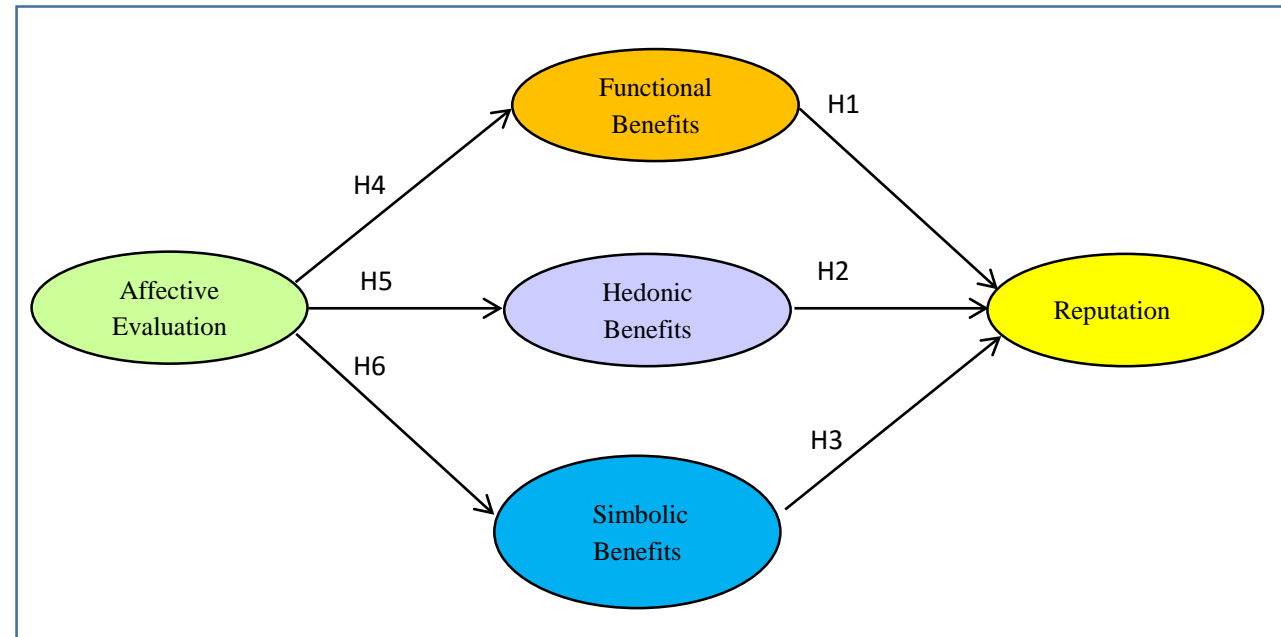
Dimensions	Theoretical Framework and Literature Review
➤ Hedonic Benefits	<ul style="list-style-type: none">✓ It can be defined as the result of the psycho-sensorial experiences of the client when visiting a department store, especially its need for stimulation and search for pleasurable sensations (Hirschman and Holbrook, 1982).✓ Hedonic benefits represents global multisensory experiences (Frow and Paine, 2006).✓ The experience of the client represent the reliability and competence of the service receiveda (Berry, Wall & Carbone, 2006).
➤ Symbolic Benefits	<ul style="list-style-type: none">✓ It is associated to the customer's subjacent need for social approval, or personal and external expressions aimed at self-esteem, it basically corresponds to attributes that are not product related (Sondoh, Omar, Wahid, Ismail & Harun, 2007).✓ Four self-concept components have been used to explain behavior at the moment of purchase: real self-image, ideal self-image, social self-image, and ideal social self-image (Sirgy, 1982).✓ Generally, customer seeks to surround with their reference group (Wang, 2010).

THEORETICAL FRAMEWORK

Dimensions	Theoretical Framework and Literature Review
➤ Affective Evaluation	<ul style="list-style-type: none">✓ “The set of an individual’s real, expected, imagined, or perceived emotions, based upon the individual’s relationship with (Shott, 1979)”.✓ The affective evaluation is characterized by being emotionally reactive, with minimal direct control over the answers (Zajonc & Markus, 1982).✓ Consumer emotions play an important role in how, where and what to buy .

CONCEPTUAL MODEL

FIGURE 1: Conceptual Model



Note: P: Perception; B: Benefit E. Evaluation / Source: Own Elaboration .

HYPOTHESIS

- ✓ **H₁** ***Functional Benefits – Reputation***
The functional benefit perceived by customers would influences significantly on the reputation of a department store (Cian & Cervai, 2014; Jarvinen & Suomi, 2011; Shamma & Hassan, 2009; Schwaiger, Sartstedt & Taylor, 2010)

- ✓ **H₂** ***Hedonic Benefits – Reputation***
The hedonic benefit perceived by customers would influences significantly on the reputation of a department store. (Bahng, Kincade & Yang, 2013; Firat, Kutucuoglu, Saltik & Tuncel, 2013; Vila-López & Rodríguez-Molina, 2013; Jones, 2005)

- ✓ **H₃** ***Symbolic Benefit – Reputation***
The symbolic benefit perceived by customers would influences significantly on the reputation of a department store . (Cian & Cervai, 2014; Shamma & Hassan, 2009; Rindova et al., 2005; Boddy, 2012; Jones, 2005)

HYPOTHESIS

- ✓ H₄ ***Affective Evaluation – Functional Benefit***
The emotional evaluation of a department store will be better, if higher is functional benefits perceived by the customer. (Darke et al., 2006; Barnes et al., 2003; Childs et al., 2006; Barnes y Lillford, 2009)

- ✓ H₅ ***Affective Evaluation – Hedonic Benefit***
The emotional evaluation of a department store will be better, if higher is hedonic benefits perceived by the customer. (Babin y Attaway, 2000; Mehrabian y Russell, 1974; Darden y Reynolds, 1971)

- ✓ H₆ ***Affective Evaluation– Symbolic Benefit***
The emotional evaluation of a department store will be better, if higher is symbolic benefits perceived by the customer. (Park, 2006; Markus y Nurius, 1986; Markus y Ruvolo, 1989)

METHODOLOGY

TARGET POPULATION

Customers department store (Falabella , Ripley, Paris)

MEASURES INSTRUMENT

It is a structured self- administered questionnaire.

Measure scale for focal questions : Likert (7 points)

SAMPLING METHOD

Non-probability based on quotas in proportion to the market share of the three major department stores of the retail industry in Chile : Falabella, Ripley and Paris . These three stores hold 97 % of the total market .

SAMPLE SIZE

700 respondents.

DATE

March to July 2013,

APPLIED STUDY

In department stores (TxD) (Falabella , Ripley, Paris) of the city of Santiago de Chile.

METHODOLOGY

PROCEDURES

STEP1: CONTENT VALIDITY was used as a reference for:

Reputation: Nguyen y Leblanc (2001);

Functional Benefit: Babin, Chebat, y Michon (2004); Babin, Lee, Kim y Griffin (2005);

Hedonic Benefit: Babin y Darden (1995); Park (2004); Chitturi, Raghunanhan y Mahajan (2008);

Symbolic Benefit: Kim, Forsythe, Gu y Moon (2002);

Affective Evaluation: Yoo, y Park MacInnis (1998) y Madden, Allen y Twible (1988).

STEP 2: Study of Critical Incidents

Where people describe those factors that were part of the constructs analyzed. 50 people participated (non- probabilistic by convenience) .
With Stage 1 + Stage 2 was obtained prior scale

METHODOLOGY

STEP 3: Second cleaning process recommended by De Wulf y Odekerken-Schörder (2003)*.

5 focus groups composed of regular clients of the different Store Department

8 interviews with industry experts from *retail* and executives from some Store Department.

Each expert classified each of the items considering three alternatives:

Clearly representative, Something representative, Unrepresentative.

STEP 4: The procedure to build the preliminary questionnaire and pre-test was applied on a random sample of 50 persons.

With these data an **exploratory factor analysis (EFA) (Convergent Validity)** was done and the **Cronbach Alpha and Average Extracted (Discriminant Validity)** was calculated for each dimension of the model. The results were greater than the correlation square between each pair of factors (Fornell and Larcker, 1981). With these analyzes the dimensions of the previous analyzes were confirmed.

CONFIRMATORY FACTOR ANALYSIS (CFA) to validate the significance of these charges, which are all above 0.5 (AMOS 19.0) .

STRUCTURAL EQUATION MODEL (SEM): to test the hypothesis "Cause-Effect" and indicates the validity and balance model . (Hair et al. 2010) (AMOS 19.0)

RESULTS

97% of Total Clients of Store Department market at December. 2012*	Store Department Market Participation		Clients Number	Total number of respondents
	Name Store Department	%		
2.330.448	Falabella	43	1.002.093	301
	Paris	30	699.134	210
	Ripley	27	629.221	189
	Total	100	2.330.448	700

*Source: Oficina Económica y Comercial de España en Chile (2013)

Fuente: Elaboración propia.

Gender	Age
Men 48%	Entre 18-45 91%
Women 52%	

RESULTS

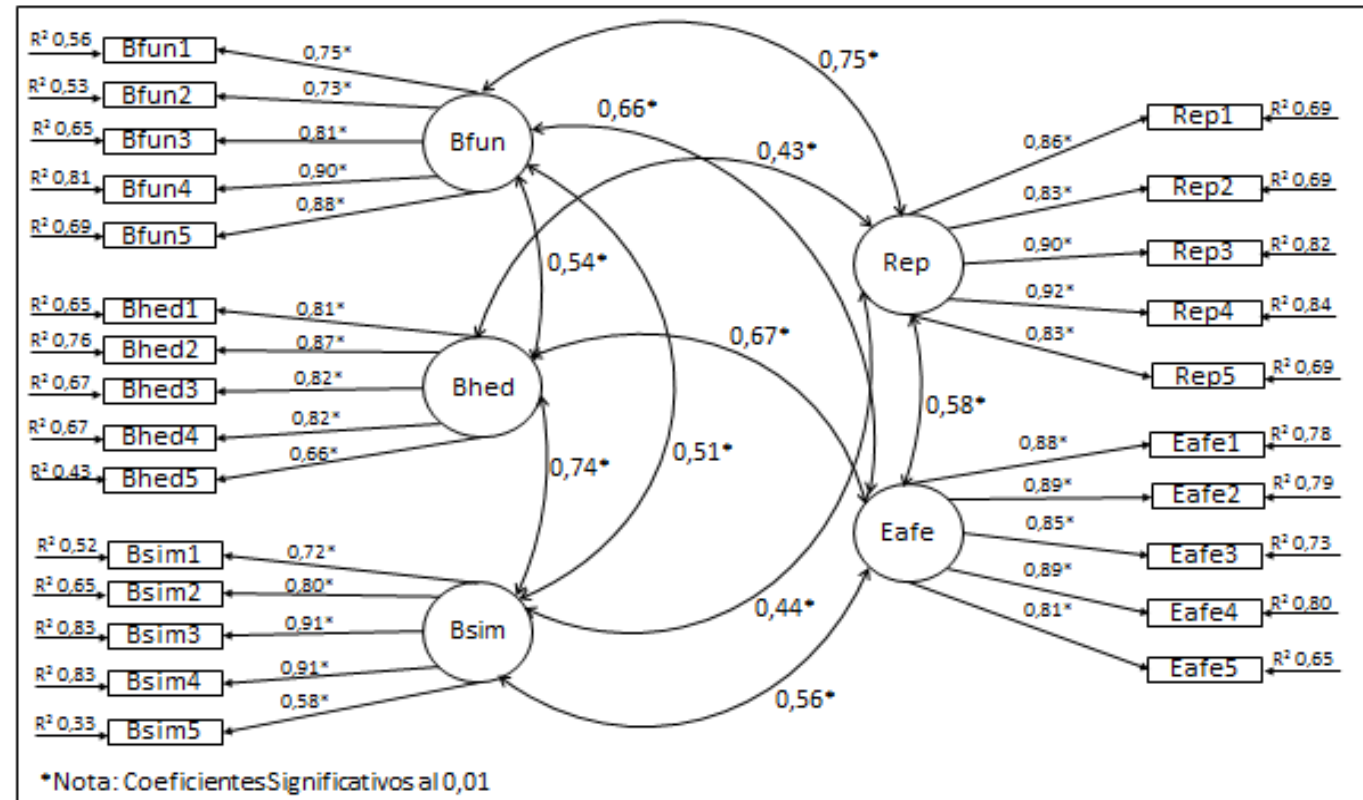
Scale Reliability

	Variable	Cronbach Alpha	Composite Reliability	Variance Extracted
Reputation	Rep1	0,94	0,94	0,75
	Rep2			
	Rep3			
	Rep4			
	Rep5			
B. Functional	Bfun1	0,90	0,90	0,65
	Bfun2			
	Bfun3			
	Bfun4			
	Bfun5			
B. Hedonic	Bhed1	0,89	0,90	0,64
	Bhed2			
	Bhed3			
	Bhed4			
	Bhed5			
B. Symbolic	Bsim1	0,90	0,89	0,63
	Bsim2			
	Bsim3			
	Bsim4			
	Bsim5			
E. Affective	Eafe1	0,94	0,94	0,75
	Eafe2			
	Eafe3			
	Eafe4			
	Eafe5			

RESULTS

Figure 2. Confirmatory Factor Analysis Model

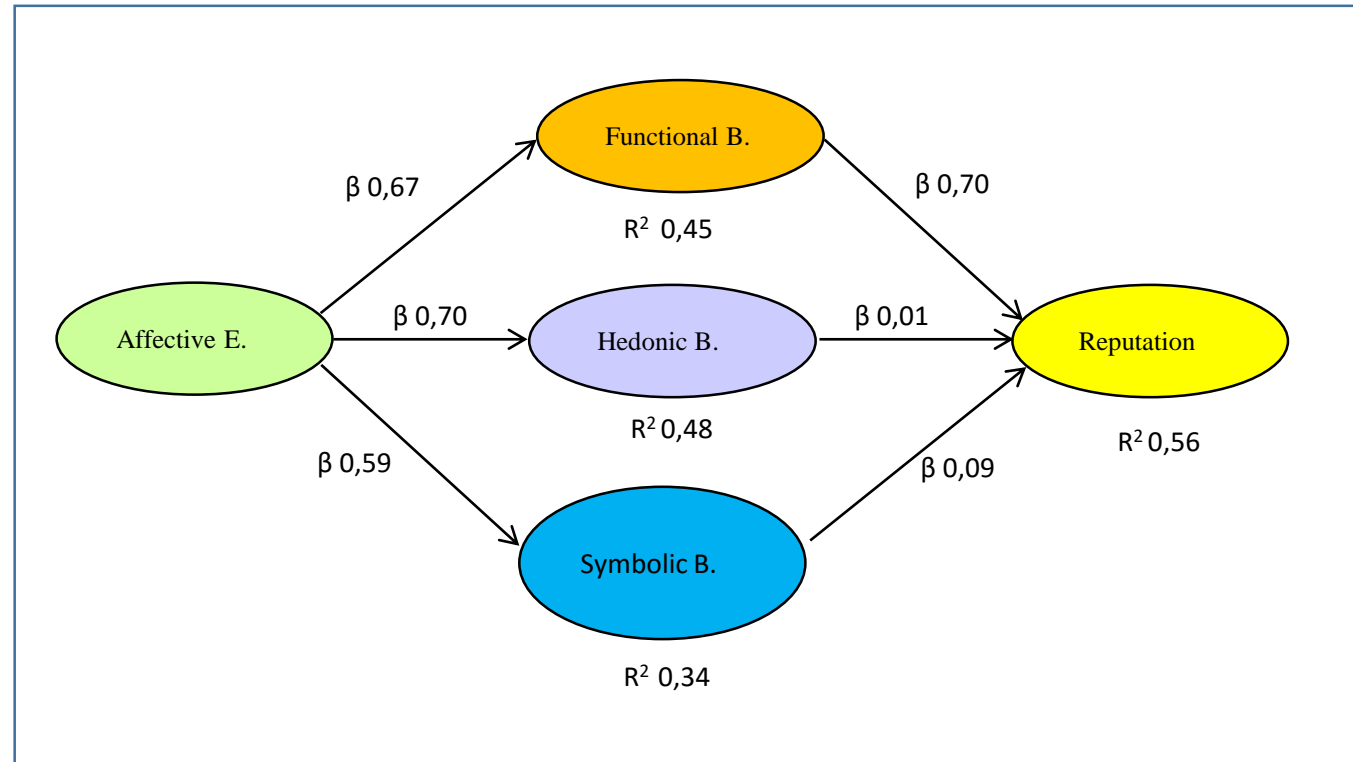
Adjustment Measures	Criteria	Results
RMSEA	0,05 a 0,08	0,065
NFI	> or = 0,9	0,916
IFI/CFI	> or = 0,9	0,949/0,949



Source: Own Elaboration

RESULTS

FIGURE 2: Causal Relations Result



RESULTS

Hypothesis	Significant	Corroborated Positive Relationship
✓ H1: The functional benefit perceived by customers would influence significantly on the reputation of a department store.	Sí	Sí
✓ H2: The hedonic benefit perceived by customers would influence significantly on the reputation of a department store.	NO	Sí
✓ H3: The symbolic benefit perceived by customers would influence significantly on the reputation of a department store.	NO	Sí
✓ H4: The emotional evaluation of a department store will be better, if higher is functional benefits perceived by the customer.	Sí	Sí
✓ H5: The emotional evaluation of a department store will be better, if higher is hedonic benefits perceived by the customer.	Sí	Sí
✓ H6: The emotional evaluation of a department store will be better, if higher is symbolic benefits perceived by the customer.	Sí	Sí

CONCLUSIONS

- ✓ This study provides that it is very important for a client to associate a department store's reputation with the functional, hedonic, and symbolic benefits perceived during their shopping experience (especially for the juvenile and young adults segments)
- ✓ The results show that to be perceived as a department store with a good reputation, customers have to be offered experiences that allow them to obtain the expected triad of benefits.

CONCLUSIONS

- ✓ As the functional benefit perceived by the customer is relatively higher than the hedonic and symbolic benefits, marketing strategic efforts should focus on strengthening the emotional shopping experience.
- ✓ Therefore, the Department Store that is able to generate the affective relationship with customer and offer products that the clients really needed, according to their social belonging, in a good environment (atmosphere, aesthetic, layout), probably it will help to enhance their corporate reputation.

LIMITATIONS & FUTURE RESEARCHES

- ✓ It is a cross-sectional study. A longitudinal study to analyze the behavior for a period of time is suggested.
- ✓ Non-probability sampling.
- ✓ Chilean psycho-demographic consumer characteristic hinder extrapolation of results to their cultural contexts.
- ✓ To develop and propose a scale for measuring diffuse indicators, in the context of services marketing , corporate reputation, through fuzzy inference systems .
- ✓ The research could be considered free text analysis , using as source the comments on Twitter , Facebook, among other social networks.



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THANKS FOR YOUR ATTENTION

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