The effect of corporate reputation on retailer brand equity: A study of two South African grocery chains

Justin Beneke
Victoria Chamberlain
Raeesah Chohan
Martin Neethling
School of Management Studies
University of Cape Town, South Africa

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Abstract

In the current economic climate, competition between retailers is high and customers face numerous choices. Smart retailers can learn to manage their corporate reputation and brand equity as strategic tools in the fight for customers, and gain a competitive advantage in the market place.In light of this, this study provides an in-depth explanation of the relationship between corporate reputation and customer-based retailer brand equity (CBRBE) and clarifies the effect of the dimensions of corporate reputation on CBRBEin the South African context. Specifically, this paper contributes to literature on the South African retail industry byproviding an updated account of customer perceptions. A survey of retail customers in two major cities finds a strong, positive relationship between corporate reputation and CBRBE. Additionally, the six dimensions of corporate reputation are found to have a positive relationship with the dimensions of CBRBE. The findings of this study reveal that retailers wishing to improve their CBRBE should focus on their products and services, as well as financial performance.

1. Introduction

In the current economic and social climate, competition is high and customers face numerous choices (Wang, Kandampully, Lo & Shi, 2006). Consequently, having a sustainable competitive advantage as a firm is as valuable and vital as ever. Of particular interest to this study is the retailer industry (Argenti &Druckenmiller, 2004; Pappu & Quester, 2006b; Wang *et al.*, 2006). In order to survive the current fight for customers, retailers are focusing on retaining their stakeholders, thereby allowing them to drive the market rather than be market-driven (Schwaiger, 2004; Wang *et al.*, 2006). Thus, literature is needed on this topic to aid retailers in managing their corporate reputation and customer-based retailer brand equity (CBRBE), thereby gaining an advantage in the market place.

Extant literature describes the relationship between corporate reputation and brand equity as complex, as the two are distinct yet similar (Schwaiger, 2004; Wang *et al.*, 2006). As such, further research is required to provide a more coherent understanding of these constructs and bring clarity to the topic (Schwaiger, 2004; Wang *et al.*, 2006). While the literature on brand equity is extensive, CBRBE and its dimensions is still a growing concept. Hence, more depth is needed regarding CBRBE literature (Pappu & Quester, 2006b).

By evaluating their reputation, retailers can review and improve each of the six dimensions of corporate reputation described in this paper (Chun, 2005; Schwaiger, 2004). In this way they can maintain favourable stakeholder perceptions of the firm address any differences in stakeholders' perceptions and specifically manage the perceptions of a major stakeholder group - customers (Chun, 2005; Schwaiger, 2004). The rewards of a favourable corporate reputation range from increased price elasticity and barriers to entry, to decreased marketing expenses and positive word-of-mouth advertising, as well as an improved culture within the firm through the attraction of higher quality employees and improved morale and loyalty (Fombrun, Gardberg& Sever, 2000; Kowalczyk &Pawlish, 2002). As with brand equity, firms benefit financially from the effective measurement and management of CBRBE (Argenti & Druckenmiller, 2004; Keller, 1993; Lassar, Mittal & Sharma, 1995). Advantages include price elasticity and positive word-of-mouth advertising, as well as instant recognition, repeat purchases and successful brand extensions (Lassar*et al.*, 1995; Mudambi, Doyle & Wong, 1997; Wang *et al.*, 2006). As such, a favourable CBRBE benefits retailers in terms of customer value and overall profitability (Jingfeng and Zhilong, 2009).

In examining the effect of corporate reputation on CBRBE, this study draws upon Fombrun *et al.*'s (2000) Reputation Quotient as a measure of corporate reputation for multiple stakeholders and Pappu and Quester's (2006b) empirical measure of CBRBE. Replicating Pappu and Quester's (2006b) measurement model, a survey is conducted in two prominent South African cities, in which data regarding two major retailers is collected. This study contributes to current literature by clarifying the effect of corporate reputation on CBRBE, testing the effect in South Africa's developing economy, and providing an updated account of customers' perspectives regarding the topic.

The purpose of this research is to answer the research question: do the dimensions of corporate reputation affect CBRBE among Woolworths and Checkers customers in Pretoria and Cape Town? More specifically, the research aims to determine whether a firm's emotional appeal, product and service offering, social and environmental responsibility, vision and leadership, workplace environment and financial performance affect their CBRBE?

In the sections that follow, a review of the current literature provides an analysis of corporate reputation, the effect of corporate reputation on CBRBE, CBRBE and lastly, the South African retail industry. The research methodology and data analysis techniques are then described. Thereafter, the findings of this study are presented. The paper concludes with a discussion of the managerial implications, limitations and directions for future research.

2. Literature Review

A review of current literature regarding the two constructs of this study follows. Well researched in literature, corporate reputation and brand equity have been found to be similar yet distinct, creating a need to distinguish between and refine the two concepts (Chun, 2005; Fombrun *et al.*, 2000; Keller, 1993; Lassar *et al.*, 1995; Wang *et al.*, 2006). To begin with, corporate reputation and its dimensions are discussed in detail.

2.1 Corporate Reputation

The corporate reputation of a firm is an aggregation of stakeholders' opinions formed over time, and encapsulates a wide range of elements such as marketing communications, encounters with customers, workplace environment, financial performance, competitive advantage, social identity and the price and quality of products (Chun, 2005; Fombrun, 2000; Wang *et al.*, 2006). In the retail industry, a favourable corporate reputation improves customer satisfaction, customer loyalty and customer profitability (Chun, 2005; Nguyen & Leblanc, 2001; Page & Fearn, 2005). Additionally, corporate reputation encourages positive word-of-mouth and reduces risk during product selection (Chun, 2005; Nguyen & Leblanc, 2001; Page & Fearn, 2005).

Both corporate and academic interest in the corporate reputation concept has been stimulated by the potential benefits of a favourable reputation (Fombrun*et al.*, 2000; Wang *et al.*, 2006). This study employs a multidimensional corporate reputation construct, as explained below (Chun, 2005; Fombrun *et al.*, 2000). Fombrun *et al.* (2000) describes corporate reputation as the stakeholders 'perception of a firm's ability to meet their expectations. They introduce the Reputation Quotient, comprising six dimensions of corporate reputation. Their measurement instrument treats all stakeholders even-handedly, with a focus on the customer as a stakeholder. In light of this, an explanation of each dimension of corporate reputation as considered from the customer's point of view follows, beginning with emotional appeal. Emotional appeal describes the extent to which stakeholders feel good about, admire, respect and trust a firm (Fombrun & Gardberg, 2000). Customers develop feelings about a firm over time and, as a result, emotional appeal can generate customer loyalty (Alsop, 2004; Fombrun *et al.*, 2000).

The second dimension is products and services. Stakeholders value reliable, quality-driven, innovative and value-for-money products and services (Fombrun & Gardberg, 2000). Since customers view a firm's products and services as a source of information about the firm, a positive attitude towards a firm's products and services positively affects their perceptions of the firm's other actions (Caruana, 1997; Fombrun & Gardberg, 2000; Fombrun*et al.*, 2000).

The third dimension, social and environmental responsibility, refers to stakeholders' perception of a firm in terms of its dealings with the community, the environment and its employees (Fombrun & Gardberg, 2000). Since stakeholders are interested in what lies behind a firm's façade, high levels of social responsibility increase stakeholder satisfaction (Caruana, 1997; Page & Fearn, 2005). Specifically, high levels of social responsibility increase customer satisfaction and encourage their contribution to the firm (Brammer & Pavelin, 2006; Page & Fearn, 2005; Pfeffer & Salancik, 1978).

Fombrun and Gardberg's (2000) fourth dimension, vision and leadership, refers to the extent to which a firm exhibits clear goals and operates under strong directorship. Since customers value the success, leadership goals and governance of a firm, vision and leadership has the ability to motivate all stakeholders (Alsop, 2004; Fombrun & Gardberg, 2000; Page & Fearn, 2005). Fombrun and Gardberg (2000) define the fifth dimension, workplace environment, as the perception of a firm's management capabilities and the employees 'working conditions. Customers are increasingly concerned about a firm's workplace environment as an indication of a firm's good citizenship (Caruana, 1997; Kowalczyk & Pawlish, 2002). The last dimension, financial performance, has been found to have a positive influence on corporate reputation among stakeholders (Argenti & Druckenmiller, 2004; Chun, 2005; de la Fuente Sabate & de Quevedo Puente, 2003; Fombrun & Shanley, 1990). In the current economic climate, financial performance has lost its lustre as measure of corporate reputation; however, this paper retains it as an important aspect of corporate reputation (Chun, 2005; Ettenson& Knowles, 2008).

The effectiveness of the abovementioned dimensions in measuring the corporate reputation construct has been widely debated, and in a rapidly changing market these dimensions and their relative importance are likely to keep evolving (Fombrun & Gardberg, 2000; Page & Fearn, 2005). Fombrun *et al.*'s (2000) Reputation Quotient has been found to be a sound measure of corporate reputation within the current environment and is therefore used in this study. On the basis of an extensive literature study, the effect of corporate reputation on CBRBE is discussed below.

2.2 The Effect of Corporate Reputation on CBRBE

Previous studies have found that corporate reputation and brand equity share a positive relationship, rather than equivalency. Inferring a causal relationship between the two constructs is difficult due to the nature of survey research, as only associations between the constructs can be established (Verhoef & Leeflang, 2009). In addition, studies have found that this relationship may work both ways depending on the scenario, as corporate reputation may influence or be influenced by brand equity (Wang *et al.*, 2006). Others have found that even though an unfavourable corporate reputation dampens brand equity, a favourable corporate reputation may not guarantee stronger brand equity (Ettenson & Knowles, 2008; Page &Fearn, 2005; Wang *et al.*, 2006).

In light the extant literature regarding the relationship, this paper argues that a positive relationship exists between the two constructs, and that corporate reputation has a positive effect on brand equity, and therefore CBRBE (Argenti & Druckenmiller, 2004; Ettenson & Knowles, 2008; Page &Fearn, 2005; Wang *et al.*, 2006). This leads to this study's primary hypothesis:

H_0: There is no relationship between corporate reputation and CBRBE
H_A: There is a positive relationship between corporate reputation and CBRBE

The above hypothesis describes the expected relationship between the two constructs, leading to an in-depth discussion of the dependent variable, CBRBE, below (Argenti & Druckenmiller, 2004; Bronn &Vrioni, 2001; Ettenson & Knowles, 2008).

2.3 Customer Based Retailer Brand Equity

This paper utilizes CBRBE as a derivation of brand equity, customer-based brand equity and retailer equity. Brand equity refers to the additional value which a brand name infers on a firm's products and services (Aaker, 1991; American Marketing Association, 2012). For example, when consumers are familiar with a brand and regard it positively, that brand has value, which is referred to as equity (Argenti & Druckenmiller, 2004; Keller, 1993; Lai, Chiu, Yang &Pai, 2010; Wang *et al.*, 2006). Since customers infer greater confidence on brands with strong brand equity, retailers stand to benefit from having favourable brand equity, both financially and from gaining a competitive advantage (Aaker, 1991; Jingfeng & Zhilong, 2009; Pappu & Quester, 2006b).
This paper follows Pappu and Quester's (2006b) multidimensional customer-based retailer equity scale, which comprises four dimensions (Keller, 1993; Lassar *et al.*, 1995; Pappu & Quester, 2006b; Yoo & Donthu, 2001). An explanation of each dimension follows, beginning with retailer awareness (Jingfeng & Zhilong, 2009).

Arnett, Laverie and Meiers(2003) describe retailer awareness, or how familiar a customer is with a retailer, as a necessary condition for CBRBE as customers need to be aware of a retailer before generating perceptions about it (Barnett, Jermier& Lafferty, 2006; Pappu& Quester, 2006b). Customers that hold a firm in high regard are likely to show higher retailer awareness than others, leading to the following hypotheses:

$H2_a$: Emotional appeal positively affects retailer awareness
$H2_b$: Products and services positively affect retailer awareness
$H2_c$: Social and environmental responsibility positively affects retailer awareness
$H2_d$: Vision and leadership positively affects retailer awareness
$H2_e$: Workplace environment positively affects retailer awareness
$H2_f$: Financial performance positively affects retailer awareness

The second dimension of CBRBE, retailer association, refers to the link between images of a retailer in the consumer's memory and the retailer (Pappu & Quester; 2006b). These associations contribute to the customer's decision-making process as well as the likelihood of repeat purchases (Arnett *et al.*, 2003; Jingfeng&Zhilong, 2009). A favourable corporate reputation is therefore likely to result in higher retailer associations, leading to the following hypotheses:

$H3_a$: Emotional appeal positively affects retailer association
$H3_b$: Products and services positively affect retailer association

$H3_c$: Social and environmental responsibility positively affects retailer association
$H3_d$: Vision and leadership positively affects retailer association
$H3_e$: Workplace environment positively affects retailer association
$H3_f$: Financial performance positively affects retailer association

The third dimension, retailer-perceived quality, is described as the quality of both the retailer and its products (Pappu & Quester, 2006b). Greater consumer confidence in and reliance on a retailer positively influences the perceived quality of a retailer's products and services (Shen, 2010). Customers that hold a firm in high regard are likely to show higher retailer-perceived quality than others, leading to the following hypotheses:

$H4_a$: Emotional appeal positively affects retailer-perceived quality
$H4_b$: Products and services positively affect retailer-perceived quality
$H4_c$: Social and environmental responsibility positively affects retailer-perceived quality
$H4_d$: Vision and leadership positively affects retailer-perceived quality
$H4_e$: Workplace environment positively affects retailer-perceived quality
$H4_f$: Financial performance positively affects retailer-perceived quality

The final dimension, retailer loyalty, is defined as a strong commitment to make repeat purchases from a retailer despite other influential factors that may exist (Arnett *et al.*, 2003; Jingfeng & Zhilong, 2009). The more favourable a firm's corporate reputation, the more likely their customers will show loyalty towards the firm, leading to the hypotheses:

$H5_a$: Emotional appeal positively affects retailer loyalty
$H5_b$: Products and services positively affect retailer loyalty
$H5_c$: Social and environmental responsibility positively affects retailer loyalty
$H5_d$: Vision and leadership positively affects retailer loyalty
$H5_e$: Workplace environment positively affects retailer loyalty
$H5_f$: Financial performance positively affects retailer loyalty

2.4 The Retail Sector in South Africa

The majority of research on corporate reputation and brand equity has been conducted in developed, Western economies (Wang *et al.*, 2006). As such, it is necessary to understand whether the roles that corporate reputation and brand equity play in developing economies are the same (Wang *et al.*, 2006).

Competitive advantage is valuable for success in the South African retail industry as changing environments, little differentiation and an influx of competitors threaten their customer bases (Beneke, Lykiardopulos, de Villiers & Rawoot, 2011b). This is compounded by the diversity of South African consumers (Beneke *et al.*, 2011b). As such, maximising customer lifetime value is vital for sustainable success in this turbulent retail industry (Beneke *et al.*, 2011b). As customers prefer retailers with favourable corporate reputations, any element that influences customer perceptions is important in the retailing industry as it can drive store choice and customer loyalty (Ailawadi & Keller, 2004; Jingfeng & Zhilong, 2009).

The two retailers of interest in this study are Woolworths and Checkers, two of the largest players in the South African marketplace. Woolworths' product range includes groceries, household goods and clothes while Checkers focuses on groceries and household goods only (Beneke, 2010; Woolworths, 2012). Targeting the upper- and middle-income customer base, the respected Woolworths chain is characterised as offering high quality products and customer service and value-for-money (Beneke, 2010; Noble & Davey, 2008; Woolworths, 2012). The Woolworths brand has a history of corporate responsibility (Beneke, 2010; Woolworths, 2012). Checkers has built a reputation of providing affordable value for a heterogeneous customer base, and has a history of good corporate citizenship and high brand trust (Shoprite Holdings, 2012a).

The two retail brands offer insight into diverse target markets, unique to South Africa, offering an opportunity to identify unique results peculiar to each brand, and to South Africa. In light of the above literature review, a description of the research methodology and fieldwork follows, wherein the process undertaken to measure the effect of corporate reputation on the CBRBE of Woolworths and Checkers is explained.

3. Methodology

Although similar studies have been exploratory in nature, this study was conclusive as it tested specific hypotheses (Lassar*et al.*, 2000; Malhotra, 2010; Wang *et al.*, 2006). The research design was descriptive as market characteristics are described (Beneke *et al.*, 2011b; Kumar, Aaker& Day, 1999; Malhotra, 2010). The target population consisted of Woolworths and Checkers customers at Century City in Cape Town and Menlyn Park in Pretoria (Beneke, Adams, Demetriou and Solomons, 2011a; Malhotra, 2010; Wang *et al.*, 2006). These malls were selected as they house both Checkers and Woolworths stores, providing a consistent data collection context (Pappu & Quester, 2006b). Cape Town and Pretoria were selected as they are prominent South African cities where consumers are prevalent (Perrini, Castaldo, Misani, &Tencati, 2010; Wang *et al.*, 2006). Woolworths and Checkers were used as they are well known South African stores with different target markets (Beneke, 2010).

Unlike similar studies, an existing database of respondents was not available for this study (Wang *et al.*, 2006). As such, non-probability sampling was used (Iacobucci & Churchill, 2010; Perrini, Castaldo, Misani, &Tencati, 2009; Malhotra, 2010). Surveys were conducted via convenience sampling, due to the nature of mall intercepts (Beneke *et al.*, 2011b; Malhotra, 2010; Pappu & Quester, 2006a).

Respondents were given one of two versions of the survey questionnaire, which were identical aside from the names of the retailers (Pappu & Quester, 2006a, b). No incentives were given (Pappu & Quester, 2006b) in order to mitigate possible bias. Robust measuring instruments were used to limit measurement variance (Iacobucci & Churchill, 2010; Malhotra, 2010; Pappu& Quester, 2006b). Data was collected at different times of the day to limit measurement invariance (Iacobucci & Churchill, 2010). The final realised sample included 389 usable questionnaires.

The questionnaire was split into four sections, namely: screening questions, corporate reputation questions, CBRBE questions and demographic questions. Fombrun *et al.*'s (2000) Reputation Quotient was used to assess corporate reputation (see Appendix B and C, questions 3-19), and Pappu and Quester's (2006b) scale measured CBRBE (see Appendix B and C, questions 20-34). Seven-point Likert scales were used in both measures where a high score indicated a favourable corporate reputation or CBRBE (Den Boer, Bruers & Van Dijk, 2008; Chetthamrongchai, 2003).

In terms of analysis, the scale validity and reliability of the two constructs, and the relationship between the independent variable (corporate reputation) and dependant variable (CBRBE) was tested (Iacobucci& Churchill, 2010; Kumar *et al.*, 1999; Malhotra, 2010). Correlations tests were conducted in order to test the hypothesis, and regression analysis to determine which dimensions of corporate reputation have the strongest effect on CBRBE (Kumar *et al.*, 1999; Malhotra, 2010). Lastly, the descriptive and demographic data was analysed.
The focus of this study now shifts to a detailed compositionof the data analysis, leading to a set of conclusions and managerial implications.

4. Results

The results section of this paper includes scale reliability and validity assessments, followed by a discussion of the descriptive statistics and hypothesis tests. The section concludes with an inferential statistical analysis of the data, with a focus on the two retail brands involved in the study. This is followed by a discussion of the recommendations and conclusions of the research.

4.1 Scale Reliability and Validity

The validity and reliability of the scales used in this study are tested using reliability and factor analysis. In the factor analysis of the constructs, the data is analysed from three perspectives. Firstly, an analysis of how the items load onto each construct is performed. Secondly, how the items load onto each of the dimensions of the construct is analysed. Lastly, how the dimensions of each construct load onto the constructs is considered.

A factor analysis of the corporate reputation items reveals that all items load onto one component except for question 17 (V17) "[store brand] looks like a low-risk investment". However, due to the high Cronbach's alpha of the scale ($\alpha = 0.947$), all of the scale items are retained. The reliability of the scale improves only marginally if V17 is deleted.A factor analysis of each dimension shows that all items load onto their relative dimensions, with eigenvalues are greater than one. And finally, in terms of the corporate reputation dimensions loading onto the construct, a factor analysis of the corporate reputation construct shows that all six dimensions of the construct load onto one component with an Eigen value of 4.312 and 71.86% of the variation in corporate reputation is explained by its dimensions.

In terms of the CBRBE construct, the scale items load onto three components. However, all the scale items were retained due to the high reliability of the scale ($\alpha = 0.947$[1]), and the fact that this reliability did not improve if any items were deleted. Additionally, all items load onto their relative dimensions, with eigenvalues greater than one. And finally, in terms of the CBRBE dimensions loading onto the construct, a factor analysis of the corporate reputation construct shows that all four dimensions load onto one component. With an eigenvalue of 3.011, the dimensions explain 75.28% of the variation in CBRBE.

[1] The researchers would like to point out that the equal Cronbach alpha values of the two constructs are a coincidence

4.2 Descriptive Statistics

A demographic profile of the survey indicates that just under half of respondents (46.6%) are between the ages of 30 and 49, while 29.7% are over 50 and 20.9% fall into the 20 to 29 age category. Over two thirds of respondents are female (68.8%). In terms of racial breakdown, approximately half of the respondents (46.3%) are White, one third (33.8%) are Black, one fifth is Mixed Race (18.3%) and Indians represent a small minority (1.7%). Drawing on this, it is evident that a relatively heterogeneous group of customers is represented in the survey sample. With regards to retail store and location, respondents are relatively evenly split between the two locations Cape Town (56.4%) and Pretoria (43.3%) and the two stores Woolworths (53.7%) and Checkers (46.3%).

The results of this study are reported from three angles for an in-depth understanding of the data. Initially, results are analysed using the entire survey sample to gain an overview of the constructs and relationships. This data is represented in the tables by the label "All Customers". Thereafter, each retailer sample is looked at independently under the labels "Woolworths" and "Checkers'" in an attempt to identify nuances particular to each brand.

The explanation of results begins with an analysis of the mean values (M). These values represent averages of respondents' answers, where 1: strongly disagree, 2: disagree, 3:

somewhat disagree, 4: neutral, 5: somewhat agree, 6: agree, 7: strongly agree. The analysis begins with the corporate reputation construct. The mean values of corporate reputation and the dimensions of corporate reputation are presented in Table 1. The overall corporate reputation of the two companies is 5.48, suggesting that on average respondents have a favourable view of Woolworths and Checkers. The relatively low standard deviation (SD) indicates that there is homogeneity in the answers (SD = 1.060). Of particular interest is the high mean value of the products and services dimension (M = 5.71). The high standard deviation (SD = 1.196) suggests that respondents' answers varied significantly (Malhotra, 2010).

Table 1: Means and standard deviations of the corporate reputation dimensions

	All Customers		Woolworths		Checkers	
	M	SD	M	SD	M	SD
CR	5.48	1.060	5.56	1.018	5.40	1.104
EA	5.64	1.305	5.71	1.372	5.55	1.222
PS	5.71	1.196	5.86	1.120	5.53	1.255
VL	5.39	1.181	5.36	1.195	5.42	1.167
SR	5.55	1.389	5.69	1.384	5.50	1.382
WE	5.27	1.378	5.42	1.316	5.09	1.432
FP	5.35	1.116	5.36	1.119	5.34	1.211

Scale values range from 1 (Strongly Disagree) to 7 (Strongly Agree)
M = mean, SD = standard deviation
CR = corporate reputation, EA = emotional appeal, PS = products and services, VL = vision and leadership, SR = social and environmental responsibility, WE = workplace environment, FP = financial performance

As Table 1 shows, Woolworths customers have a favourable view of Woolworths' products and services (M = 5.86; SD = 1.120) indicating that they agree that Woolworths products are high quality, innovative and good value-for-money.

The mean values of CBRBE and the dimensions of CBRBE are presented in Table 2. The overall CBRBE for the two retailers has a mean value of 5.70 (SD = 1.113) which suggests that on average Woolworths and Checkers have favourable CBRBE.

Table 2: Means and standard deviations of the CBRBE dimensions

		All		Woolworths		Checkers	
		M	SD	M	SD	M	SD
BE	**CBR**	5.70	1.113	5.76	1.858	5.63	1.173
W	**RA**	6.11	1.124	6.05	1.165	6.19	1.073
	RAS	5.75	1.180	5.93	1.076	5.55	1.252
	RPQ	5.83	1.205	6.00	1.102	5.63	1.289
	RL	5.01	1.740	5.05	1.615	4.98	1.878

Scale values range from 1 (Strongly Disagree) to 7 (Strongly Agree)
M = mean, SD = standard deviation
RAW = retailer awareness, RAS = retailer associations, RPQ = retailer-perceived quality, RL = retailer loyalty, CBRBE = customer-based retailer brand equity

As Table 2 shows, Woolworths (M = 6.05) and Checkers (M = 6.19) both enjoy a high retailer awareness among respondents (M_{All} = 6.11; SD_{All} = 1.124). The retailer loyalty mean value is noticeably low for both retailers, however respondents answers varied significantly (M = 5.01; SD = 1.74) indicating that the group is split between disagreeing and strongly agreeing that they are loyal to the retailer.

Both constructs in this study have negative skewness values and positive kurtosis values. The group is thus relatively homogenous and as such findings regarding these respondents can safely be inferred to the population (Malhotra, 2010).

4.3 Inferential Statistics and Hypotheses Testing

Following the descriptive statistics, an analysis of the inferential statistics is presented, beginning with the correlation tests. The Kolmogorov-Smirnov test for normality found that the data is not normally distributed and therefore Spearman's Rank Correlation test for association is conducted to test the hypothesis that there is a positive relationship between corporate reputation and CBRBE. The null and alternative hypotheses of H1are stated below:
H_0: There is no relationship between corporate reputation and CBRBE
H_A: There is a positive relationship between corporate reputation and CBRBE

The null hypothesis is rejected at the 1% significance level (p-value = 0.000) and this study concludes that there is a positive correlation (rho = 0.853) between corporate reputation and CBRBE among Woolworths and Checkers customers in Cape Town and Pretoria.

Following this, Spearman's Rank Correlation test for association is conducted to test the hypothesis that there is a positive relationship between each of the dimensions of corporate reputation and each of the dimensions of CBRBE. In each test, the null hypotheses is rejected at the 1% significance level (p = 0.000) and this study concludes that there is a positive correlation between each the dimension of corporate reputation and each of the dimensions of CBRBE among Woolworths and Checkers customers in Cape Town and Pretoria. Table 3, which follows provides a matrix of the correlation coefficients of the dimensions of corporate reputation and CBRBE. The asterisks next to each correlation coefficient indicate that the correlation is significant at the 1% level of significance, that is, p < 0.01.

Table 3: Correlation coefficients of the dimensions of corporate reputation and the dimensions of CBRBE

	EA	PS	SR	VL	WE	FP
RAW	0.551* H_{2a}	0.586* H_{2b}	0.524* H_{2c}	0.583* H_{2d}	0.518* H_{2e}	0.631* H_{2f}
RAS	0.645* H_{3a}	0.725* H_{3b}	0.605* H_{3c}	0.618* H_{3d}	0.636* H_{3e}	0.669* H_{3f}
RPQ	0.630* H_{4a}	0.715* H_{4b}	0.576* H_{4c}	0.592* H_{4d}	0.609* H_{4e}	0.650* H_{4f}
RL	0.581* H_{5a}	0.586* H_{5b}	0.515* H_{5c}	0.592* H_{5d}	0.501* H_{5e}	0.593* H_{5f}

EA = emotional appeal, PS = products and services, VL = vision and leadership, SR = social and environmental responsibility, WE = workplace environment, FP = financial performance
RAW = retailer awareness, RAS = retailer associations, RPQ = retailer-perceived quality, RL = retailer loyalty
* p< 0.01

From Table 3, it is evident that the dimensions of corporate reputation and CBRBE are positively related, with some dimensions having stronger correlations than others.This paper maintains consistency with the explanation that a correlation coefficient greater than 0.7 is considered strong (SJSU, 2012). Therefore, there is a strong positive correlation between the following dimensions:

– Products and services and retailer association (rho = 0.725)
– Products and services and retailer-perceived quality (rho = 0.715)

Woolworths has no strong correlations between the dimensions. However, for Checkers, there are strong correlations between the following:

– Emotional appeal and retailer association (rho = 0.707).
– Products and services and retailer association (rho = 0.759)
– Products and services and retailer-perceived quality (rho = 0.761)

The above analysis of mean values highlights the importance of the products and services dimension. Interestingly, the following results from independent sample t-tests and regression analyses reinforce this. In order to identify differences between groups of respondents, independent sample t-tests are conducted on the sample data. There is no significant difference between male and female customers in terms of the two constructs, or between Cape Town and Pretoria customers. However, there is a difference in the corporate reputation and CBRBE of the two retailers between the age groups and race groups.

An explanation of the regression analyses is presented below, beginning with the six dimensions of corporate reputation on CBRBE, followed by four regression analyses of the six dimensions of corporate reputation on the each of the individual dimensions of CBRBE.

A regression analysis of the six dimensions of corporate reputation generates an R^2 of 0.792. This shows that 79.2% of the variation in the CBRBE of the two retailers is explained by the six dimensions of corporate reputation. The following regression equation results:

$$CBRBE = 0.556 + 0.077(EA)^* + 0.267(PS)^* + 0.089(VL)^* + 0.112(SR)^* + 0.106(WE)^* + 0.285(FP)^*$$

The above equation indicates the following: a positive relationship exists between emotional appeal (EA) and CBRBE, and holding all other variables constant, a one point increase in emotional appeal increases CBRBE by 0.07. The other coefficients can be interpreted in the same way. The asterisks next to each coefficient indicate that the dimension is significant at the 5% level of significance. The strongest determinants of CBRBE are the products and services dimension and the financial performance dimension. This reinforces the strong correlation between the products and services dimension and the retailer associations dimension as well as the retailer-perceived quality dimension shown in Table 4.

As a point of interest, in the Woolworths sample, the coefficient for vision and leadership is 0.112 while for Checkers it is only 0.023. The vision and leadership dimension is therefore a strong predictor of Woolworths' CBRBE among Woolworths' customers but not of Checkers' CBRBE among Checkers customers. Regression analysis of the individual dimensions of CBRBE (retailer awareness, retailer association, retailer-perceived quality and retailer loyalty) shows that products and services and financial performance are the strongest predictors of each CBRBE dimension. The exception to this is retailer loyalty, which has emotional appeal and workplace environment as its strongest predictors.

The above analyses represent results in terms of both retailers. In the context of this study, separate analyses of the two retailers, Woolworths and Checkers, are presented below, beginning with Woolworths.For each analysis, results in terms of the demographics and regression analyses are presented.

An in-depth analysis of the Woolworths sample follows. In terms of Woolworths' corporate reputation and CBRBE, there is a difference between Cape Town and Pretoria customers, while no difference was found between any gender, age or race groups.The regression analysis for Woolworths shows that the dimensions of corporate reputation explain 87.3% of the variation in the CBRBE of Woolworths, and products and services (0.285) and financial performance (0.247) are the strongest predictors of CBRBE.

Regression analysis of the individual dimensions of Woolworths' CBRBE (retailer awareness, retailer association, retailer-perceived quality and retailer loyalty) shows that products and services, financial performance and social and environmental responsibility are the strongest predictors of each CBRBE dimension for Woolworths. The exception to this is retailer loyalty, which has emotional appeal, vision and leadership and workplace environment as its strongest predictors. A similar pattern to the abovementioned explanation of results in terms of Woolworths will follow, with Checkers as the focus.

In terms of Checkers' corporate reputation and CBRBE, there is a difference between Cape Town and Pretoria residents. Additionally, there is a significant difference between the gender, age and race groups with regards to Checkers' corporate reputation and CBRBE. The dimensions of corporate reputation explain 89.5% of the variation in Checkers' CBRBE, where products and services (0.272) and financial performance (0.265) are the strongest predictors. Regression analysis of the individual dimensions of Checkers' CBRBE (retailer awareness, retailer association, retailer-perceived quality and retailer loyalty) shows that financial performance is the only predictor of retailer awareness (0.344). Financial performance and products and services are the strongest predictors of each CBRBE dimension for Checkers, and the exception once again is retailer loyalty, which has social and environmental responsibility, workplace environment and financial performance as its strongest predictors.

Similar to the separate analysis of the two retailers of this study explained above, individual regression analyses of the two locations of this study, namely Cape Town and Pretoria, follows, beginning with Cape Town. Among Cape Town customers, the dimensions of corporate reputation explain 83.8% of the variation in CBRBE of the two retailers. Financial performance has a larger effect than the original regression model, at 0.356. This suggests that customers in Cape Town place greater value on financial performance as a basis of CBRBE than customers in Pretoria.

Among Checkers customers in Cape Town, 89.4% of the variation in Checkers' CBRBE is explained by the dimensions of corporate reputation, where financial performance (0.411) and emotional appeal (0.341) are the strongest predictors of the CBRBE.Among Woolworths customers in Cape Town, 89.1% of the variation in Woolworths' CBRBE is explained by the dimensions of corporate reputation, where products and services (0.241) and financial performance (0.335) are the strongest predictors of the CBRBE. Bearing in mind the abovementioned analysis of customers in Cape Town, a comparable analysis of customers in Pretoria follows. Among Pretoria customers, the dimensions of corporate reputation explain 81% of the variation in CBRBE of the two retailers. Products and services (0.331) have the strongest effect on CBRBE. Among Woolworths' customers in Pretoria, the dimensions of Woolworths' corporate reputation explain 66.7% of the variation in Woolworths' CBRBE. In Pretoria, for Woolworths customers, products and services and vision and leadership are the strongest predictors of Woolworths' CBRBE.

Among Checkers customers in Pretoria, 82% of the variation in Checkers Pretoria's CBRBE is explained by the dimensions of corporate reputation, where products and services (0.283) and financial performance (0.237) are the strongest predictors of the CBRBE. Interestingly, workplace environment (0.153) and social and environmental responsibility (0.111) have a particularly high effect in this case, compared to the previous cases, and vision and leadership's (0.004) effect is low.

The findings presented provide an in-depth explanation of the relationship between the dimensions of corporate reputation andthose of CBRBE. In light of this, a section providing the managerial implications of this study follows, as a means to provide practical suggestions for brand and marketing managers in the retail sector.

5. Managerial Implications

The results presented in this paper provide a framework for the managerial implications discussed below. In the same manner that the results are discussed, this section is divided into three sub-sections. The first focuses on the entire sample of retail customers, the second on Woolworths' customers only and the third on Checkers customers only. In addition, the three major findings of this study are discussed in-depth, and thereafter the other findings are presented.

First and foremost, this study empirically validates a strong positive relationship between corporate reputation and CBRBE in the South African retail environment. This is in line with studies conducted elsewhere, and indicates that corporate reputation can be managed by firms for strategic advantage. As such, retailers hoping to improve their CBRBE should focus on managing their corporate reputation. Furthermore, relationships between dimensions of corporate reputation and the dimensions of CBRBE are clearly revealed, plainly outlining where firms need to focus resources. Specifically, retailers should pay attention to their emotional appeal, products and services, vision and leadership, social and environmental responsibility, workplace environment and financial performance. The level of attention that should be paid to these dimensions, however, differs, as is displayed by the second major finding.

A prominent finding of this study is that the products and services dimension of corporate reputations has a strong relationship with CBRBE. This indicates that retailers should focus on their products and services as a means of managing and improving their CBRBE. The results suggest that retailers' products and services relate to the association their customers have with the retail brand as well as the perceived quality of the retail brand. Fombrun and Gardberg (2000) deconstruct the product and service dimension into the reliability, quality and innovativeness of the offerings. As such, they give retailers clear guidelines on how to manage this dimension.

Expanding on this concept, the relationship between products and services and CBRBE suggests that departments within a firm need to work together in order to maximise brand equity. Since the firm's brand equity is strongly related to the product offerings, the product ranging department of a firm should not work in isolation from the marketing or brand management departments. Ideally, marketing should drive product ranging, in line with the firm's positioning. Ranging can be used as a means of driving brand equity.

Expanding on the concept even further, retailers such as Woolworths and Checkers carry an extensive range of private label brands. The relationship between products and CBRBE implies that CBRBE would be even more susceptible to the impression of a retailer's private label brands. This suggests that private label product selection, branding and positioning should all be driven by the brand manager, not the buyer.

This further implies that retailers carry a higher risk when selecting private label products as the impact on their reputation is more keenly felt in the case of a marketing mix failure such as incorrect positioning, unattractive or faulty product offerings, and incorrect price points. Brand managers thus need to work closely with ranging and category managers to navigate their way through the private label space. One solution would be to test product sales before branding a product – if consumer response is favourable then the item can be included in the private label range.

The same applies to the services offered by a firm – the findings suggest that firms can use services as a means to improve their CBRBE and thus it can be argued that badly performed services may be worse for a firm's CBRBE than no services. In a retailing context, this may mean focusing on excelling at a few services rather than providing many mediocre services. The other dimension of corporate reputation that has managerial implications is financial performance.

Results empirically exhibit the third major finding of this study – that the financial performance of retailers has a strong relationship with CBRBE. This indicates that when managing their CBRBE, firms should focus on their financial performance, in other words focus on their profitability, risks and potential. This contradicts various studies, which propose that financial performance as a measure of corporate reputation is losing its credibility in the current economic climate (Fombrun & Gardberg, 2000).

Of interest to this study is that the sample population is not a sample of financiers, and the respondents were not relying on company financials when considering the retailers' financial performance but rather on their own perceptions. This suggests that financial performance perceptions can be managed by firms, and a "fake it till you make it" philosophy can be followed, whereby a retailer can present itself as successful market player, and therefore generate value in the form of increased CBRBE, which in turn can boost financial performance. This suggests that Public Relations (PR) has a role to play in managing CBRBE. As such, marketing and brand managers should be adept at managing their firm's PR if they wish to manage the CBRBE. The last point is particularly relevant to South African retailers and leads the discussion to the minor findings of this study.

It is evident from this study that South African retailers have a high public profile. It is also evident that corporate reputation has a strong relationship with the retailer awareness dimension of CBRBE. Therefore, retailers should capitalise on their corporate reputation to increase awareness of their brand as retailer awareness positively affects the decision-making process (Arnett *et al.*, 2003; Jingfeng & Zhilong, 2009).

Further managerial implications involve demographics. The ratio of female respondents to males indicates that females are a key market for retailers, yet males must not be ignored as a valuable segment in retail marketing strategies. Due to the differences found in corporate reputation and CBRBE between the different socio-demographic groups, retailers need to consider the location, age and race of their customers when managing their corporate reputation and, consequently, their CBRBE. As an example, the findings suggest that a retailer's financial performance is of particular importance to customers in Cape Town. Therefore Woolworths and Checkers should focus on portraying financial success when managing their corporate reputation in this location. Similar peculiarities can be identified across their market segments to maximise their CBRBE. This brings into focus the first retailer to be discussed, Woolworths.

This study finds that Woolworths' corporate reputation is sensitive to location. Given the relationship between products and services and CBRBE, one way in which Woolworths can manage their CBRBE is to customise their product and service offerings according to location. In light of the findings regarding Woolworths' Pretoria customers, Woolworths should focus on showing strong leadership and a clear company vision in order to improve their CBRBE in Pretoria. To boost overall brand awareness and brand associations, Woolworths should focus on their products and services, financial performance and social and environmental responsibility.

The findings of this study highlight the favourable impression of Woolworths' products and services. This relates to the strength of the relationship between the products and services dimension and CBRBE and suggests that Woolworths' business model of stocking almost exclusively private label products gives them high levels of control over their brand and their

CBRBE. The other retailer in this study, Checkers, follows a different business model as it has big stores that enable them to stock an extensive range of branded products.

Checkers' has a broad spectrum of target markets. Considering the relationship between products and services and CBRBE and the sensitivity of corporate reputation to the demographic variables of location, gender, race and age, one way in which Checkers could manage their CBRBE would be to customise their product and service offerings according to location, gender, race and age. Similarly, this study finds that vision and leadership is a relatively weak predictor of Checkers' CBRBE, thus Checkers should not place a great amount of focus on this when managing their CBRBE.

This study finds that Checkers can improve their CBRBE by exhibiting financial success as well as encouraging good feelings among their customers. For Checkers customers, this study finds a strong relationship between emotional appeal and retailer associations. In the challenging economic climate, creating an emotional connection with customers which then positively influences retailer associations is an important competitive advantage. Checkers are therefore on track in this regard.

The two retailers in this study appear to be perceived in a positive light by their customers. This suggests that they are currently managing their corporate reputations well. This study aims to provide guidelines and tools so that other retailers can follow suit, and spend limited resources effectively. With international retailers such as Wal-Mart entering the South African market, local retailers need to be able to squeeze the maximum value out of every asset, including their CBRBE.

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