Empirical Study on the Impact of Service, Communication and Corporate Social Responsability on the Image of Romanian Retail Brands

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Abstract

The image perceived by the clients of supermarkets and hypermarkets is not only the result of the companies’ informative actions conducted by means of advertising, public relations, online presence or brochures with insertions about the sold items, the best prices and the most attractive offers, but also the synergy of CSR actions and of service through personnel.

The present paper investigates, with the aid of structural equation modeling, the way in which service and communication of the Romanian retail brands contribute to building consumers’ proper perception of social responsibility actions as well as to the development of the image of the analyzed stores. The obtained empirical results have managerial implications useful to retailer’s top management in better understanding the client and achieving a better position on the market.

Keywords: service, communication, retailing, social responsability, Romania, empirical analysis;

Introduction

In the context of retail strategic moves, an ever-increasing competition, the emergence of new players, mergers and acquisitions of local or national chains taking place on a regular basis in this economic sector (Dabija & Alt, 2012), gaining unique competitive advantages properly perceived by consumers represents a goal that any company strives to attain. Since a lot of time and effort is required to produce competitive advantages and differentiate properly their products and services, it is imperative for companies operating in this field to instill a favourable, positive and strong image into the consumers’ mind so that a lasting relationship with customers may be developed later. To achieve this, companies may resort to a number of specific actions and measures such as the provision of a wide assortment at attractive prices for clients or the focus on specific measures to promote sales.

Given that the trend of saturation becomes more and more manifest on the markets where retailers operate, raising consumers’ awareness becomes a real challenge. In order to deal with this challenge, retailers attempt more and more to approach consumers not only through communication but also through their personnel and the social responsibility actions and measures. In fact, the personnel’s exhibited skill, earnestness and friendship sometimes represent the key element that prompts consumers to become clients of the retailer, as they appreciate favourably the

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fair and honest advice and counseling received before or during the purchase act. Furthermore, should the retailer reveal to the client an increased level of involvement in solving environment protection issues and in showing deep concern for fellow citizens or for employees’ needs, the client is likely to be more satisfied with the company and will finally create a favourable image about it. He or she will likely become a loyal client in the future, preferring company X to any other competitor.

**Literature review**

In order to approach, inform, advise and build a long-lasting relationship with customers, on the one hand, and produce competitive advantages (Homburg & Krohmer, 2009, p. 975; Liebmann, Zentes & Swoboda, 2008, p. 526) and differentiate itself properly within the competition environment, on the other hand, a retailer will focus its attention on providing an appropriate range of extra services (consultancy, various options of paying for the purchase, parking, playgrounds, purchase packaging, items maintenance etc) (Dabija, Abrudan, 2012), and on adopting a proper personnel policy (Osoian, Zahiria & Lazăr, 2011, p. 218-232; Dabija, Pop & Bodog, 2011, p. 25-29).

Personnel represent a central vector in retailing because they advise and provide the client with the appropriate information before or during the purchase act so that the client may become more aware of his/her needs and the possibilities of using the items. Personnel sometimes play a key role in the post-sale advising and support of customers. They also may contribute to the creation of the customer’s image of a store, a retail format or the entire retail chain. Thus, personal selling allows the exchange (giving and gaining) of information between seller and buyer (Haller, 2009, p. 366), which has a direct contribution to the increase of customers’ level of satisfaction and sets the stage for gaining the customer’s loyalty (Pelău & Stamule, 2013, p. 60-66).

When approaching the market, any retailer will take steps to correlate the general objectives with the specific objectives of its own service policy. Thus, the company will search for the best ways to meet, through service, its economic (increase the market share, profitability, turnover etc.) and psychographic (increase of customers’ trust in the company’s products and services, proper advising of the target group, enhance the image of the retail chain, foster the company’s awareness) objectives (Liebmann, Zentes & Swoboda, 2008, p. 526; Dabija, 2013). Ensuring the service quality plays a key role in helping the company consistently pursue its purpose. To this effect, the company may resort to various measures whereby it can quantify the quality of the service provided by its employees. Whether observations, questionnaire surveys, the “mystery consumer” or other marketing-specific tools are resorted to, the proper management of the service policy and of the personnel policy, in particular, is a highly important desideratum of a company that strives to satisfy its customers and strengthen its image in the consumers’ mind (Dabija & Băbuț, 2012, p. 2031-2037).

The development of preference for a particular store or retail format is impossible unless the retailer itself establishes a proper communication. Whether the company resorts to the classical/traditional advertising, the newsletter, SMS/MMS or other modern advertising/media, sponsorship, outdoor or unconventional/below the line advertising represented by “ambush media”, “keyword advertising”, viral marketing or „guerilla marketing” (Todt & Dabija, 2009, p. 67-74), the sales promotion, a consistently implemented communication policy contributes directly to the proper presentation of products and services to all target groups (Bruhn, 2007, p. 199), be they employees or customers (Liebmann, Zentes & Swoboda, 2008, p. 574). The importance of the communication policy has increased lately as consumers have felt retailers’ media presence more and more intensely and the expenses for the mass media advertising have risen accordingly (Dabija, 2010).

Naturally, retailers find difficult to accomplish an effective market-oriented communication, especially in view of the fact that they all attempt to “bombard” the customer in hope of drawing his/her attention and influencing his/her perception. In order to maximize their advertising effort, some retailers use concurrently several media channels (TV, Radio, Internet, Direct Mailing, SMS etc.) to inform the consumer about the latest news s/he may benefit from during the pre-purchase evaluation (Liebmann, Zentes & Swoboda, 2008, p. 580-585). Other retailers attempt to draw customers by changing weekly some parts of the assortment, organizing tombola or other competitions, offering special prices and using other means of boosting sales. Thus, the retailer strives to get the consumer come to the store, hoping that s/he will make other purchases as well. The communication policy is, therefore, a central
element in influencing customers’ behaviour (Erdem, Oumil & Tuncalp, 1999, p. 137-144) and in building a proper image in their mind as well as in meeting the strategic objectives pursued by the company. Since merely communicating with them cannot easily raise the customers’ awareness, more and more companies focus on other specific issues such as CSR actions directed towards the protection of the environment, the improvement of people’s living conditions, and towards employees or customers (Dabija, 2012). These measures/actions should make the customer develop more swiftly a favourable image about the company and perceive it as an ethical entity, which always strives to “do” something, good for the prosperity of the customer (Rochlin et al., 2005; Basu & Palazzo, 2008). A customer who becomes aware of the various CSR actions advertised by the company will undoubtedly develop in time a favourable perception of it and will likely overlook more easily certain shortcomings or inconveniences appearing during the purchase act (lack of some assortments, inconsistency between the price on the shelf and the price paid at the cash register etc.). Whether they pertain to donations or sponsorships, support of charities, implementation of social protection actions or solving problems of the local community, the social responsibility actions usually represent an integral part of any company’s activity (Öprea, 2005, p. 74-75; Șerban, 2011, p. 104-116).

The social responsibility actions yields major benefits to the company that implements them in terms of increased reputation and the increase of the customers’ gratitude for the actions that help improve the consumers’ life conditions (Hopkins, 2004; Anghel, Grigore, & Roșca, 2011, p. 72-85). Various empirical studies highlighted the importance of social responsibility actions for companies in general and retailers in particular. Thus, Brown and Dacin (1997) show that the positive or negative associations of the company’s CSR actions exert a strong effect on the image perceived by the customers. Sen and Bhattacharya (2001) also confirmed the positive effect of CSR associations on the overall assessment of the company and on the preference for a particular product or service. In their study, Pop et al (2010) prove that the assortment policy, price, atmosphere, communication, location and service have a profound effect on CSR actions which, in turn, influence the image perceived by the customers of various food retail formats.

The concept of retail brand image was intensely studied in the literature by various authors (Dabija, 2010; Morschett, 2002, p. 70-76; Hälsig, 2008, p. 66-67; Keller, 2003, p. 70; Esch, 2007, p. 73 etc.). The retail brand image may be thought of as a psychological and behavioral concept, the purpose of which is to show how an individual perceives a particular store, retail format or retail chain. The major difficulty with this concept lies in its proper measuring (operationalization). Some authors associate retail brand image with its behavior value or the brand’s “force” in consumers’ mind (Esch, 2007, p. 65). “Brand equity” is viewed as the total sum of cognitive approaches, the visual and verbal mental processes that highlight the “knowledge” contained by a particular brand, which, in turn, is made up of all of the brand’s inner verbal associations, impressions or reflections (Morschett, 2002, p. 70-76).

Other authors believe that the brand image is the sum of emotional and cognitive associations related to the analyzed brand (Keller, 2003, p. 58-102; Keller, 1993, p. 1-22; Hälsig, 2008, p. 66-67). To this effect, the brand associations in general and the retail brand associations in particular are brought up for discussion: favourability, uniqueness, intensity and the types of brand associations (Keller, 2003, p. 70; Krishnan, 1996, p. 389-405).

**Research methodology**

The collection of data was performed through the survey methodology and used the face-to-face questionnaire administration under the authors’ supervision. The statements included in the questionnaire were made on a five-point Likert scale, and the answers range from total disagreement to total agreement. Respondents were selected based on gender and age group sampling, in compliance with the quotas set by the Romanian Statistical Yearbook of 2010 (Statistical Yearbook, 2010). Only the people who make regular purchases from the food stores were selected in the survey since their opinion is relatively informed and objective with respect to retailers’ studied characteristics. Respondents were approached in public places, at their domicile or workplace. Following the removal of incomplete questionnaires, 1,048 answers could be validated (Dabija & Băbüt, 2012). In order to determine the reliability, validity and objectivity of the collected data, some specific tests were applied on the data, namely, Cronbach α (α >0,7) analysis, „item-to-total” correlation, KMO criterion (>0,7), and Bartlett’s sphericity test of the exploratory factor analysis (SPSS) (Churchill, 1991, p. 64-73; Dabija, 2010, p. 172-180). Thus, the value of Cronbach α
coefficient and of the KMO criterion for the four investigated dimensions is: $\alpha$(Service) = 0.925; $\alpha$(CSR) = 0.918; $\alpha$(Communication) = 0.875; $\alpha$(Image) = 0.860; KMO(service) = 0.922; KMO(CSR) = 0.965; KMO(Communication) = 0.922; KMO(Image) = 0.890.

Since the obtained results indicate a high degree of reliability for the overall number of investigated dimensions, the phenomenon was further analysed with the aid of structural equations, using AMOS 20.0. The fit indices (GFI, AGFI, TLI, NFI, CFI >0.8; RMSEA, SRMR ≤ 0.08) mentioned in the literature met again the recommended thresholds (Forza & Filippini, 1998, p. 1-20; Ju et al., 2006, p. 373-93; Gefen et al., 2000; Dabija, 2010, p. 181-183).

**Results**

For the overall sample, the fit indices of the model take on appropriate values (GFI: 0.884; AGFI: 0.860; NFI: 0.915; CFI: 0.921; TLI: 0.907; RMSEA: 0.08; SRMR: 0.054; $\chi^2$: 2322.62; df: 307). Of the analyzed dimensions (communication, service, social responsibility), service exerts the strongest and most significant effect on the retail brand image (0.409****). There is certain logic in this result because respondents rather perceive their interaction with the personnel than the general communication efforts (0.182****) or the CSR actions (0.096****). Since communication and advertising contribute significantly in many instances to building the image about a particular item, the quite substantial and highly significant intensity of the two elements in building respondents’ image was felt this time as well. For the overall sample, respondents believe that the social responsibility projects have a contribution in building the retail brand image. The intensity of the connection is not very high, which indicates discrepancies between food and non-food retail and between the considered retail formats.

The results breakdown by food and non-food retail revealed that the obtained structural equations analysis model yields acceptable fit indices (GFI: 0.870; AGFI: 0.839; NFI: 0.903; CFI: 0.915; TLI: 0.905; RMSEA: 0.061; SRMR: 0.054; $\chi^2$: 2322.62; df: 307). The comparative analysis of the effect exerted by the three dimensions (communication, service, social responsibility measures) on the retail brand image reveals a slightly different situation. Thus, service was noticed to play a greater role within non-food retail (0.478****) than within food retail (0.367****). This is likely so because the seller’s advice influences the customer to a greater extent when s/he purchases household and electronic appliances, furniture or clothes than when s/he purchases food. We believe that, in the case of non-food retail, a direct interaction is established between consumers and sellers/shop assistants. The shop assistants in the non-food stores present the product characteristics, calculate, if necessary, the price and the bill of materials (Do-It-Yourself stores), check the stock availability, provide logistical support etc. In the case of food stores, however, consumers themselves choose the products and put them in the shopping cart, their contact being many times with cashiers alone. In addition to this, when consumers need advice from the employees of hypermarkets or supermarkets, these are difficult to find or are unable to respond to questions. Likewise, in the case of food retail the customer is likely to expect the commodities to be orderly displayed on the shelf and the shop assistant of the non-food retailer provide advice on the usage options and characteristics of items. This justifies the stronger effect of service on the retail brand image.

An interesting, even unexpected situation may be noticed in relation to the effect of communication on the retail brand image. In fact, communication exerts a quite profound effect on retail brand image within the food retailing (0.257****) and a totally insignificant effect within the non-food retailing (0.050n.s.). The lack of significance of the effect of communication within the non-food retail may be the result of the relative heterogeneity of assortments, on the one hand, and the small number of ad campaigns, on the other hand. During the crisis at least, many retailers place emphasis on other elements such as the store atmosphere (in-store management), assortment or price policy. On the other hand, however, the CSR actions play a quasi-important role in building the non-food retail brand image (0.178****) and a less important and significant role in building the food retail brand image (0.087****). Perhaps respondents are more interested in the effect on the environment and the human society of the use of non-food rather than of food products. It may also be that an individual, when purchasing a household appliance (fridge, washing machine etc.), takes into account how much power the appliance consumes or how much pollution it generates, while no such concern is raised by the purchase of a food product. The visibility of CSR actions or the extent to which companies make known their CSR projects is another aspect to consider. Some retail chains are quite concerned with the issues related to the effective implementation of social responsibility actions (actions directed towards the human society, the issue of jobs and work conditions, using recyclables to make products or packages
The social responsibility actions vary according to the company’s financial strength. Thus, it is likely that the small department stores may not have any concern in this respect, or any actual opportunity to translate into practice any social responsibility actions. These retail chains will only attempt to raise consumers’ awareness by focusing on price, service or assortment structure. Last but not least, respondents may not be very interested in the companies’ CSR actions or may not be fully aware of them. Another scenario is that the young people, the educated and those with higher incomes are more interested in such measures than the elderly, the less educated or those with low income.

In order to present a more faithful picture of the effect of the three dimensions (service, communication, and social responsibility actions) on the retail brand image, the authors proceeded with the comparative analysis on food and non-food retail formats. As the fit indices for the non-food retail formats were below the threshold levels set by the literature, the interpretation was discontinued. However, the food retail fit indices reveal acceptable values, albeit lower than the previous results (GFI: 0.806; AGFI: 0.817; NFI: 0.843; CFI: 0.892; TLI: 0.883; RMSEA: 0.043; SRMR: 0.068; \( \chi^2 \): 2226.15; df: 790).

Service exerts the most substantial effect on the retail brand image in the case of proximity stores (0.585****), a token that customers place value on the opportunity to interact with shop assistants and on the information they provide. Since respondents prefer proximity stores due to their trust in, and relationship with, the employers and employees of these stores, the shop assistants’ advice in choosing the needed items is extremely important to them. Moreover, very few proximity stores establish a proper communication with the target groups by printing informative brochures or advertising materials. It is obvious, therefore, that consumers do not perceive / are not aware of these measures. The social responsibility actions of this retail format are entirely missing as well (0.0173n.s.). Consequently, it is logical to expect service to have a highly significant effect and communication an irrelevant effect (0.004n.s.).

Service also plays a significant role in building the retail brand image in the case of the “Category Killer” units, such as Kaufland (0.400****). The employees’ competent and friendly advice determines respondents to view the effect of service on the retail brand image in a highly positive light. At the same time, respondents are also attracted by the retailer’s general communication (0.235****) but do not identify any contribution of CSR actions (0.051n.s.) to building the image about the above mentioned retail brand. In fact, Kaufland’s catalogues and leaflets regularly distributed to all its customers as well as its media presence have a quite significant effect on the retail brand image. Interesting is the fact that consumers do not perceive these actions at all (0.051n.s.), despite the retailer’s promotion of responsibility towards the environment and the human society. It may be that these actions are overshadowed by the retailer’s offer and attractive prices as it focuses more on measures to draw customers to the stores (low prices, wide and new assortments etc.) than on environmental protection measures.

A highly interesting situation is revealed in the case of discount stores. Thus, communication plays the most important role in building the brand image (0.465****) while the effect of service, though significant, is of a low intensity (0.180**). The high intensity of the effect of communication may be accounted for by the regular special offers promoted by Lidl through its informative brochures featuring a specific topic (”American week at Lidl”, “Asian week at Lidl”, “Cleanness week at Lidl” etc.) and the radio ad campaigns designed to stir up consumers’ interest so that these return to the store and make extra purchases. Although we expected service not to have a significant effect on building the discount retailer’s brand image, its level of significance may be the result of the interaction with the cash register personnel or the unit’s management when a products needs to be returned. Although these retailers also attempt to promote social responsibility actions, respondents are not yet aware of their efforts (0.082n.s.).

As we expected, both service (0.329****) and communication (0.245****) play a significant role in building the brand image of hypermarkets. Chains such as Auchan, Cora, Carrefour or Real possess a large number of employers and develop sustained communication campaigns either inside the store or the shopping mall where they are placed, or by means of the Internet, brochures or leaflets. It is interesting that respondents do not perceive these retailers’ social responsibility actions (0.091n.s.), despite their sustained efforts to reduce the impact of packages on the environment, protect the environment or reduce the energy consumption (Pop & Dabija, 2013, p. 395-397).

Supermarkets feature the most paradoxical situation. Thus, service does not have a significant effect on building the retail brand image (0.104n.s.). It is likely that the employees of the analyzed supermarkets (Billa, Mega Image, Carrefour Express) are not kind enough and do not provide reliable information to customers. On the other hand,
communication (0.386****) along with social responsibility actions (0.179**) contributes to building the supermarkets’ brand image. The findings are all the more interesting as the communication efforts of supermarkets are not as strong as those of hypermarkets or the category killer Kaufland. However, respondents better value them. This is a case of an atypical situation in which respondents, due to circumstantial factors (inauguration of a new unit, communication of special offers for some products, the approaching of holy days etc.), believe that the concerned units make greater communication efforts than the other units. Surprising, too, is the situation regarding the social responsibility measures as these seem to be valued by respondents more than they really deserve. On the other hand, this may be the result of the fact that some retailers (Billa, Mega Image) undertook intense ad campaigns on TV or via other media during the investigation period. Likewise, it is possible that the increased awareness of the effect of social responsibility actions among consumers may be the result of the social causes championed by these companies and the proper communication of these events via the media channels.

Scientific and managerial implications

The empirical findings confirm that respondents are able to perceive the way in which the brand image of the analyzed retailers is built, within both the overall sample and within the food retailing. Except for the case of supermarkets, service plays a deciding role in building the retailer’s brand image. Similarly, communication has its own effect on respondents’ image about the preferred store. Interesting is the fact that whereas the social responsibility measures seem to have a relevant effect on building the retail brand image for the overall sample, the findings breakdown by retail formats reveals a significant effect only in the case of supermarkets.

Ensuring a competent and professional service through dedicated and highly skilled personnel represents a significant goal that must be constantly pursued by any retailer. Certainly, an important role in building a proper retail brand image in consumers’ mind is played by personnel and the manner of their interaction with consumers. This presupposes ensuring consumers’ satisfaction, drawing them to the store, and fostering a pleasant atmosphere during shopping. Customers sometimes feel satisfied by the personnel’s presence because they can get relevant and valuable advice, may hear another opinion about the usefulness of a particular product or item, and even postpone the purchase if such a decision is warranted by the advice received. The presence of properly trained personnel will, in our opinion, always produce positive benefits for the image perceived and the manner in which the retailer manages to get in touch with its customers.

Communication is essential to building the image of any retail format. Within food retailing, communication is focused on conveying price-related information, which allows retail chains to attain to the right market position. Unfortunately, the pursuit of such a strategy is not enough to develop competitive advantages and potential for differentiation. Communication indeed helps build the retailer’s image. However, it should be more of a stimulus that raises consumers’ awareness of retailers’ characteristics so that they prefer this or that store due to the very features highlighted by communication (low price, new assortments, meeting certain standards during the production of items etc.).

Based on the obtained findings, we believe that the decision-making factors of the analyzed retailers should make sustained efforts to make customers more aware of the social responsibility actions undertaken. Certainly, some of the retailers’ measures are taken on the foreign markets. However, they should serve as examples of good practice and be adopted by their local outlets and then brought to the knowledge of the target groups.

In the context of a limited access to resources and the increased tendency towards saving money, highlighting actions and strategies focused on social responsibility, environmental protection, green marketing etc. may be a real tool that contributes to the production of competitive advantages and the proper differentiation of the analyzed companies’ products and services.

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