

# Infrastructural Sector and Corporate Image: Evidence from India

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## ABSTRACT

*In recent years, the corporate image concept has attracted a lot of interest among managers, consultants and academics, as it is perceived by many to be of pivotal importance to companies in a marketplace where differentiation is increasingly difficult these days. Lots of studies have been conducted on the topic by the earlier researchers; still there has been a lack of systematic conceptual knowledge on the term “corporate image in infrastructural sector”. This research work is an attempt to synthesize some of the key prior research on the concept corporate image and its effect on consumer loyalty. The purpose of the study was also to measure the impact of brand awareness and service quality on developing corporate image in telecommunication, a basic infrastructural sector in Patna, India.*

**Key Words:** *Infrastructure Sector, Corporate Image, Service Quality, Investment*

## I. INTRODUCTION

A corporate image is the perception that the general public holds about a particular business. One of the most basic ways of shaping a corporate image is establishing and maintaining positive relationships with the general public. In today's globalised and borderless market, quality, productivity and satisfaction of customers pose a challenge for the survival and growth of all firms. These growth and survival demands are further deepened by the need to attract and retain loyal customers. Customer loyalty has been found in the literature to be a competitive tool for many companies. Thus, the customer is the main focus for any successful business. Business success depends on retaining a customer by the way of understanding and meeting customers' needs and demands for a longer period of time. Therefore, if businesses want to defeat their competitors, they have to make consumers love to buy their products and brands. In recent years, the corporate image concept has attracted a lot of interest among managers, consultants and academics, as it is perceived by many to be of pivotal importance to companies in a marketplace inundated by images and where product differentiation is increasingly difficult. This research work is an attempt to synthesize some of the key prior research on the concept corporate image, focuses mainly on corporate image and its effect on customer loyalty.

One important service in Indian economy is telecommunication. The telecommunication industry's role in an economy cannot be underemphasized. This is because it is the means through which all daily transactions and activities are undertaken. All social, economic, political, cultural, trade and commercial activities are undertaken using telecommunication. The nature of a country's telecommunication industry affects its pace of commercial and domestic activities. In the past few decades, due to liberalization and privatization the entire telecommunications industry has gone through a dynamic and continuous change which ultimately generates intense competition with huge growth potential. In this scenario every telecommunication service provider is competing for attracting and retaining customers.

In the past, customers were provided with financial incentives to sign up or switch service from one provider to another. Over time, with the increased market saturation, companies have realized that their performance can be improved by focusing more on retaining customers than attaining new customers. As the market provides an increasing range of opportunities for customers, this paper aims to answer the question “how can mobile telecommunications service providers create and maintain customer loyalty?”

## II. REVIEW OF LITERATURE

Although, customer loyalty is increasingly seen as a prime determinant of long-term competitiveness in the market, there are some gaps in our knowledge of the antecedents of loyalty. Several studies have been

conducted to attempt to understand the role of corporate image on customer satisfaction and loyalty of mobile services customers (for example). Most of these studies emphasize that customer loyalty and analysis of factors affecting it are important for the success of telecom services firms.

Ability of a retailer and consumer to organize and recall a brand is known as brand awareness (Aaker, 1996). High brand recognition translates into customer loyalty. Customer loyalty is stronger if the customers' positive associations with the brand and the knowledge they had about a product before their first contact with it have been confirmed and strengthened with the first purchase. In some studies, brand preference has been equated with brand loyalty (e.g., Rundle-Thiele and Mackay 2001). In other studies, it has been evaluated as a precursor to brand loyalty (e.g., Odin et al. 2001).

Therefore, if businesses want to defeat their competitors, they have to make consumers love to buy their products and brands. Macdonald and Sharp (2000) mention that even though consumers familiarize and are willing to purchase a product, brand awareness is still an important factor to influence purchase decision. When consumers want to buy a product, and a brand name can come to their minds at once, it reflects that product has higher brand awareness. Consumers' purchase decision can be influenced if a product has higher brand awareness (Dodds, Monroe, & Grewal, 1991; Grewal, Monroe & Krishnan, 1998). This explains why a product with higher brand awareness will have higher market share and better quality evaluation.

Providing a high level of service quality is very important for service providers to compete with other competitors (Bharati & Berg, 2005; Kemp, 2005; Yoo & Park, 2007). Zeithaml et al. (1996) described service quality as "the extent of discrepancy between the customers' expectations and perceptions". Dabholkar, Shepherd, and Thorpe (2000) stated that since service quality has sub-dimensions of reliability and responsiveness, it will lead to customer satisfaction. According to Parasuraman, Zeithaml, and Berry (1988), service quality includes five dimensions: reliability, tangibles, responsiveness, assurance, and empathy. Moreover, Shin and Kim (2008) suggested service quality is a consumer's overall impression of the relative efficiency of the service provider, and they found that service quality is significantly related to customer satisfaction which in return provides customer loyalty (Lai et al., 2009).

Corporate image is another important factor in the overall evaluation of consumer loyalty. Corporate image is defined as the perception of an organization that customers' hold in their memories. Because it works as a filter through which a company's whole operation is perceived, a corporate image reflects a company's overall reputation and prestige. Brown and Dacin (1997) claim corporate image derives from customers' perceptions of capability and social responsibility. Corporate capability refers to the company's expertise in delivering product and service offerings, such as effective innovation and high service quality, while corporate social responsibility refers to the company's management of social issues. Corporate image thus impacts a customer's evaluation of service quality, satisfaction and loyalty (Andreassen and Lindestad, 1998; Zins, 2001).

Brand loyalty represents a repurchase commitment in the future purchase that promise consumers will not change their brand loyalty in different situations and still buy their favorable brands (Oliver, 1999). Brand loyalty includes behavior factors and attitude factors. Behavior loyalty represents repurchase behavior, and loyalty attitude means psychological commitment to a brand (Aaker, 1991; Assael, 1998; Oliver, 1999; Prus & Brandt, 1995; Farr & Hollis, 1997). Thus, purchase frequency is not equal to loyalty. For instance, consumers to repurchase a product do not mean they like it but due to a convenient factor or a variety seeking behavior to purchase a certain specific product occasionally (Tseng, Liao, & Jan, 2004). A true brand loyalty can be called when consumers are both inclined to these two factors, otherwise, it can only be called a spurious brand loyalty if only attitude or behavior factors are found (Baldinger & Rubinson, 1996).

### III. OBJECTIVE OF THE STUDY

- Investigate the role of corporate image in developing and maintaining consumer loyalty in telecommunication service.
- Quantify constructs concerning the corporate image and loyalty of consumers in telecommunication service, and develop and validate the relationships between the factors that drive consumer's loyalty.
- Propose opportunities for both telecomm service providers and researchers to uncover unseen facts, thereby improving the ability to enhance consumer base and add to the knowledge base of complex consumer behavior.

#### IV. DATA ANALYSIS AND RESULTS

##### Inferential analysis

**TABLE NO- 1. Case Processing Summary**

		N	%
Cases	Valid	100	100.0
	Excluded	0	.0
	Total	100	100.0

a. Listwise deletion based on all variables in the procedure.

**TABLE NO- 2.**

##### Reliability Statistics

Cronbach's Alpha	N of Items
.729	4

The above tables 1 and 2 indicate alpha value for scale reliability. In general alpha value 0.60 is acceptable. As shown in table all items in scale exceeds this threshold. The alpha value .729 indicates scale is reliable.

##### ❖ Internal reliability:

**TABLE NO- 3. KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.843
Bartlett's Test of Sphericity	Approx. Chi-Square	958.936
	Df	210
	Sig.	.000

This table 3 shows Kaiser-Meyer-Olkin(KMO) measure of sampling adequacy and Bartlett's test of Sphericity. The KMO statistics varies between 0 and 1. A value of zero indicates the sum of partial correlation is large relative to the sum of correlations, indicating diffusion in the pattern of correlations (hence factor analysis is likely to be inappropriate). A value close to 1 indicates that pattern of correlations are relatively compact and so factor analysis should yield distinct and reliable factors. Kaiser recommends accepting values greater than 0.5 as acceptable. Thus the above value .924 shows that factor analysis is appropriate for these data.

**TABLE NO- 4. Communalities**

	Initial	Extraction
THE COMPANY IS INNOVATIVE AND PIONEERINGT	1.000	.563
THE COMPANY IS OPEN AND RESPONSIVE TO CONSUMERS	1.000	.671
THE COMPANY DOES BUSINESS IN ETHICAL WAYS	1.000	.635
THE COMPANY IS SUCCESSFUL AND SELF CONFIDENT	1.000	.596
BRAND NAME IS AN IMPORTANT FACTOR IN MY BUYING DECISION	1.000	.721
I AM ALWAYS INFLUNECED BY PROMOTIONAL CAMPAIGN RUN BY THE SERVICE PROVIDER	1.000	.601
ADVERTISING OF THE COMPANY ALWAYS HELP ME TO DIFFERENTIATE THE BRAND FROM OTHERS	1.000	.657
GENERALLY, THE COMPANY PROVIDES SERVICE RELIABLY,CONSISTENTLY AND DEPENDABLY	1.000	.605
GENERALLY, THE EMPLOYEES OF THE COMPANY ARE WILLING AND ABLE TO PROVIDE SERVICE IN A TIMELY MANNER	1.000	.470

GENERALLY THE COMPANY IS PROMPT IN SOLVING THE PROBLEM AND QUERIES	1.000	.543
I CONSIDER THE COMPANY AS THE FIRST CHOICE	1.000	.587
I WILL FAVOUR THE COMPANY MORE IN THE NEXT FEW YEARS	1.000	.674
I HAVE SAID POSITIVE THINGS ABOUT THE COMPANY TO OTHERS	1.000	.788
I HAVE RECOMMENDED THE COMPANY TO OTHERS WHO SEEK MY ADVICE	1.000	.345
I HAVE ENCOURAGED OTHERS TO FAVOR THE COMPANY	1.000	.710
I ALWAYS HAVE POSITIVE BELIEFS AND FEELINGS OF THE BRAND	1.000	.695
GENERALLY, THE EMPLOYEE OF THE COMPANY ARE COMPETENT[KNOWLEDGEABLE AND SKILLFUL]	1.000	.709
GENERALLY, THE EMPLOYEES OF THE COMPANY ARE APPROACHABLE AND EASY TO CONTACT	1.000	.803
GENERALLY THE EMPLOYEE OF THE COMPANY ARE COURTEOUS, POLITE AND RESPECTFUL	1.000	.608
GENERALLY THE EMPLOYEE OF THE COMPANY LISTEN TO ME AND SPEAK IN LANGUAGE THAT I CAN UNDERSTAND	1.000	.720
GENERALLY,THE EMPLOYEE OF THE COMPANY MAKE THE EFFORT TO UNDERSTAND MY NEEDS	1.000	.581

Extraction Method: Principal Component Analysis.

Initial communalities are estimates of the variance in each variable accounted for by all components or factors. Extraction communalities are estimates of the variance in each variable accounted for by the factors (or components) in the factor solution. Small values indicate variables that do not fit well with the factor solution, and should possibly be dropped from the analysis.

## V. FINDINGS

The findings of the study partly contradict the previous studies. This study demonstrated that Service Quality plays an important role in creating and maintaining customer loyalty in telecommunications service markets. When pursuing customer loyalty, marketing managers should consider the roles of this factor for technology-oriented services.

Telecommunications service providers should market new services as quickly as the innovation itself occurs. When a company tries to link market potential and service innovation, important criteria that must be considered, particularly, is whether the innovation they have been developing will receive the widest distribution and use if it is in the public domain and be available to any interested party. There may be a thin, but clearly defined market for the service. The service may not be appropriate for the general market but rather aimed at certain users in specific situations.

## VI. CONCLUSION

This study endeavored to help marketing practitioners better understand the key drivers that create and maintain customer loyalty in a highly competitive market. Marketing managers should consider the roles of Service Quality in creating customer loyalty. To become successful, companies should offer high value-added services in addition to products at a lower cost. In this way, they are able to profit from the lower cost items while generating superior customer value and loyalty. Several limitations of the study should be noted. First, certain important factors were not investigated by the model for instance; one unexplored factor that may influence customer loyalty is switching barriers. Second, the sample was collected from a group of consumers who have achieved relatively high levels of education and experienced in using information communications technologies.

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