

The Relationship between Corporate Reputation and Service Quality: A Study on Fast-Moving Consumer Goods Market

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Abstract—This study aims to develop and test a model to reveal the relationship between corporate reputation and service quality at FMCG (Fast Moving Consumer Goods) market. The survey is conducted at April and September 2013 period. The results reveal positive correlation between corporate reputation and service quality at FMCG.

Keywords—Corporate Reputation, Service Quality, FMCG

I. INTRODUCTION

THE academic study of corporate reputation is relatively new. Good corporate reputation help firms to differentiate from their competitors and gain a competitive edge [1].

Similarly, quality service is considered to be an essential strategy for success and survival in the highly competitive environment of today [2]. Therefore, both corporate reputation and service quality is the other important issues of concern for today's firms. This study focuses on the relationship between corporate reputation and service quality on FMCG market.

II. LITERATURE REVIEW

Corporate reputation can be defined as the customer perception of how well a company takes care of customers and is concerned about their welfare. Customers' perceptions of a firm can occur directly through exposure to its products and services. However, many firms develop reputations, good and bad, without such a direct contact. Important insights on many products and services can occur through comments from friends, family members, and colleagues [3].

There is much research conducted on corporate reputation. One of the best known research is Fortune's "World's Most Admired Companies Survey". The criteria used in this research are product and service quality, management quality, long-term investment value, attracting human resources, the usage of resources, globalization,

financial robustness, creativity and innovation, and social responsibility [4].

Another research model used for this purpose is reputation quotient (RQ). The factors used in this model are emotional attraction, products and services, vision and leadership, workplace environment, social responsibility and financial performance [5].

Rep Trak is another popular model, which is a more developed version of RQ, which employs product and services, innovation, workplace environment, governance, citizenship (social responsibility), leadership and performance as research criteria [6]. This study also employs Rep Trak Model to measure corporate reputation.

When we look at the definition of quality; we can say that quality is a customer determination. It is depending on the customer's actual experience with the product or service which measured against his or requirements [7].

As to the service quality; quality differs among researchers. Some academics view the customer perception of service quality as being the gap between their expectation and perception of performance of service [8] [9] [10]. Some academics disagree and describe service quality as the perception of performance of service [11] [12] [13].

SERVQUAL, SERVPERF ve DTR scales are some of the popular scales used for measuring the service quality. SERVQUAL employs tangibles, reliability, responsiveness, assurance, and empathy as measurement criteria [14]. SERVPERF scale is developed in 1992 by Cronin and Taylor as an alternative for SERVQUAL [13].

Service quality problems are very common at FMCG market. It is obvious firms have to develop ways to improve their service quality in order to increase sales. Doing so, requires measuring service quality. In this research, DTR scale is used to measure service quality on FMCG market. The main factors of DTR are physical aspects, reliability, personal interaction, problem solving and policy [15].

III. METHODOLOGY AND FINDINGS

A. The Purpose, Scope and Limitations of the Research

The purpose of our research is to develop and test a model

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to reveal the relationship between corporate reputation and service quality.

The survey covers April and September 2013 period. Due to cost and time constraints the survey is conducted in İstanbul.

B. The Model, Variables and Hypothesis of the Research

As seen in Fig. 1, the research model shows the relationship between socio-demographic variables (gender, age, education level and income level), corporate reputation and service quality.

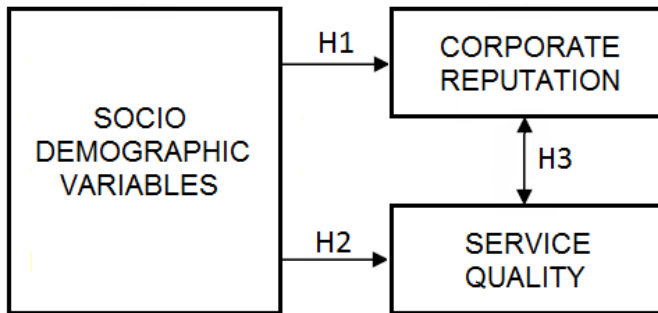


Fig. 1. Model of the Research

Variables of the research are displayed in Table I. Also, the references of the variables are shown at Table I. Five-point Likert scale is used in the study except socio-demographic variables.

TABLE I
VARIABLES OF THE RESEARCH

Variables	Number of Variables	References #
Socio-Demographic Variables	4	
Corporate Reputation Variables	7 Factors, 23 Variables	[16]
Service Quality Variables	5 Factors, 28 Variables	[15]

As described previously, the factors that compose Rep Trak model are goods and service quality, innovation, workplace environment, governance, social responsibility, leadership and performance. These factors total 23 variables. These variables were readjusted for the FMCG. To measure service quality DTR scale is employed. The factors that compose DTR scale are physical aspects, reliability, personal interaction, problem solving and policy. The factors of DTR scale contains 28 variables.

Hypotheses of the research can be listed as it follows:

- H₁: Socio-demographic variables has a statistically positive impact on corporate reputation at a significance level of $\alpha = 0.05$.
- H₂: Socio-demographic variables has a statistically positive impact on service quality at a significance level of $\alpha = 0.05$.

- H₃: There is a positive correlation between corporate reputation and service quality at a significance level of $\alpha = 0.05$.

C. Sampling Plan

Due to high number of FMCG market customers a sampling plan has been conceived. As it is not possible for most of the times to know the standard deviation and variance in the population, it has to be estimated. Such estimation is easier achieved via rates. Even in cases in which there is no information about these rates, the value (0.5 X 0.5 = 0.25), where P (1-P) is the highest, can be accepted. So, the most common sampling formula in practice is the following: $n = P(1-P) / (e / z)^2$ [17]. According to this formula, the sample size should be 384 persons as the value of z is 1.96 for the maximum variance (0.5 X 0.5 = 0.25) and 95 % of confidence interval.

Concerning the sampling method, the simple random sampling was used. Some 1000 persons were included in the survey in case there may be questionnaires which are not correctly filled in or not all the people are accessible. Of all the questionnaires, some 912 were observed to be useful.

IV. RESULTS AND SUGGESTIONS

In the research, socio-demographic variables' impact on corporate reputation and service quality and also the relationship between corporate reputation and service quality were examined. The results show that socio-demographic variables don't impact on corporate reputation and service quality. However, there is a positive correlation between corporate reputation and service quality.

By focusing on the model in Fig. 1, three hypotheses have been put forward and tested. As seen in Table II, the results of these hypotheses can be summarized as the following:

TABLE II
HYPOTHESES TEST RESULTS

H ₁ : Socio-demographic variables has a statistically positive impact on corporate reputation at a significance level of $\alpha = 0.05$.	NOT ACCEPTED
H ₂ : Socio-demographic variables has a statistically positive impact on service quality at a significance level of $\alpha = 0.05$.	NOT ACCEPTED
H ₃ : There is a positive correlation between corporate reputation and service quality at a significance level of $\alpha = 0.05$.	ACCEPTED

V. IMPLICATIONS

This research offers important results to FMCG managers. Primarily, Firms competing in FMCG market should well understand the customer's needs to increase corporate reputation and service quality level.

Secondly, the results reveal that for the FMCG market when service quality increases the corporate reputation increases as well or when service quality decreases the corporate reputation decreases too. In other words, this study reveals a positive correlation between corporate reputation

and service quality.

VI. LIMITATIONS AND FUTURE RESEARCH

There are some limitations of this research. For instance, the study has been conducted only in relation to the FMCG market and in a specific geographic region (Istanbul). Therefore, the results of the research cannot be generalized to other retailing areas and other geographical regions.

VII. CONCLUSION

The academic study of corporate reputation is relatively new. Both corporate reputation and service quality is the other important issues of concern for today's firms. The results of this study reveal a positive correlation between service quality and corporate reputation for the FMCG market. The findings also exhibit that socio-demographic variables don't impact on corporate reputation and service quality.

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