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Investigating the Role of Selected Marketing-Mix Variables in Formatting Corporate Image in Egyptian Market

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The current study aims at investigating the relationship between selected marketing-mix variables (i.e., price, advertising spend, monetary promotion, distribution intensity) and corporate image, in the consumer markets, unlike research that concerned business market, or/and different group of marketing-mix variables, in terms of addressing their expected relationships with corporate image. The questionnaire response rate is approximately 83%. Structural equation modeling was used to investigate the proposed relationships, and the model`s fit as well. Significance of all relationships was verified, and the proposed model fits the data. Implications, limitations, and further research are provided.

Key Words: Egyptian market, corporate image, marketing-mix variables

Introduction

Corporate image is a distinct entity, related to many issues that considered a challenging area for academia and management as well (Nguyen & Leblanc, 2001), and is one of the assets group that a corporate has (Gray & Balmer, 1998). Dowling (1986) sees corporate image as illusive concept. Previous studies have rarely addressed, in empirical settings, the relationship between marketing mix and corporate image (Kim & Hyun, 2011). The current research responds to this gap, by empirically exploring the potential effects of selected marketing-mix variables on corporate image. Marketing mix variables considered controllable variables (Buil, Chernatony & Martínez, 2013). Lemmink et al. (2003) and Kim, Jeon, Jung, Lu, Jones (2011) referred to the usage of marketing efforts in the context of employment market, that is, marketing efforts enable the company to achieve an effective image as a good place to work. Marketing-efforts expected to affect consumers` equity perceptions in terms of brands (Buil, et al., 2013), and playing crucial role in creating corporate image (Kim & Hyun, 2011). In the same vein, Dowling (1986) implies that company communication campaign shaped in the light of aims of corporate image campaign. Kim & Hyun (2011) argue that corporate image is a consequence of operationalizing marketing mix, and referred that corporate image plays a mediating role in terms of the relationship between marketing efforts and brand equity. The current study aims at investigating the relationship between selected marketing-mix variables (i.e., price, advertising spend, monetary promotion, distribution intensity) and corporate image. The current research specifically addresses advertising spend and monetary promotion as independent variables, unlike recent research (Kim & Hyun, 2011) that addressed promotion as a comprehensive variable, includes: advertising; personal selling; Website-based communication activities; etc, in terms of its proposed relationship with corporate image. In best of the author`s knowledge, research investigated marketing –mix efforts in its direct relationship to corporate image considered is to be limited. At this point, author argues that would hold a contribution; via providing more rationalized decisions belonging to marketing activities. Different market would entail different mixture of marketing activities, thus investigating the role of marketing-mix variables in formatting corporate image in different environment (i.e., Egyptian environment) would increase the significance of the current research.

This research is structured as follows: literature review; research hypotheses; method; results; implications; limitations and further research.

Literature Review

Corporate image

An image would be defined as “the set of meanings by which an object is known and through which people describe, remember and relate to it. That is, it is the net result of the interaction of a person's beliefs, ideas, feelings and impressions about an object" (Dowling, 1986, p.110). Corporate image would be addressed as a strategic concept (Spyropoulou, Skarmeas & Katsikeas, 2010). Corporate image would be used in an exchangeable way with corporate reputation (Kim & Hyun, 2011), institutional image (Lemmink, Schuijf & Streukens, 2003), and corporate brand image (Blombäck & Axelsson, 2007). Corporate image would be considered as the others` thought (Pomering & Johnson, 2009) or impression (Nguyen & Leblanc, 2001) or perceptions (Lemmink, et al., 2003) about the organization. From the perspective of Gray & Balmer (1998), corporate image is the audiences` realized mental picture regarding an organization. Dowling (1986) stated that to get the corporate image definition just to replace the word "object" in the previous image definition with the word "corporate." That would result in varied corporate images (Dowling, 1986; Lemmink, et al., 2003) in terms of varied groups that have different type of experiences and contacts with the company (Nguyen & Leblanc, 2001). Kim & Hyun, 2011 (p. 430) sees corporate image as "a particular type of feedback from those in a given market regarding the credibility of the identity claims that the organization makes." This paper adopts Dowling`s (1986) corporate image definition.

Corporate image would facilitate the issue of introducing a new product into the market, and to make differentiation between parity products (Dowling, 1986). Gray & Balmer (1998) argue that corporate reputation and image participate in achieving competitive success. Corporate image provides a company with a strategic leverage (Gray & Balmer, 1998) or value (Spyropoulou, et al., 2010). In addition, it is not common that customers have precise information about the company, thus corporate images considered the source for such concrete knowledge (Dowling, 1986), and eventually would result in customer satisfaction (Hart & Rosenberger, 2004). A company would use its image to create the company goodwill, and as a basis in terms of introducing its new product into the market (Dowling, 1986). In other respect, Nguyen & Leblanc (2001) argue that corporate reputation and corporate image are expected to influence the level of customer loyalty. Consequently, corporations seek to deliver precise and positive image to their audiences (Gray & Balmer, 1998). With all this in mind, author argues that the matter of corporate image is how to use marketing activities in terms of generating a unified/overall positive corporate image in the mindset of corporate stakeholders to achieve it target (e.g., competitive success; customer satisfaction; customer loyalty).

Research Hypotheses

Price and Corporate Image

Regarding the price impact, Milgrom and Roberts (1986), Yoo, et al (2000), Kim & Hyun (2011), and Buil, et al., (2013) referred that price may be a signal (i.e., an extrinsic cue) of product quality. Buil, et al., (2013) stated that high price, with other marketing variable, would participate in creating brand equity. From another perspective, Kim & Hyun (2011) referred that in case of product quality is homogenous and easily substantiated, increasing the price would generate negative impact on brand loyalty, as customer realizes the matter is just to pay more. Dowling (1986) considered price as an initial attribute that influences the corporate image formation process.

Advertising Spend and Corporate Image

Advertising would be seen as one of the most visible marketing efforts (Buil, et al., 2013). When consumers exposed to a company's advertising they would automatically form an image about it (Dowling, 1986) and would support consumer`s perceived quality (Simon & Sullivan, 1993; Yoo, Donthu & Lee, 2000). Based on *model of corporate image formation process* presented by Dowling (1986), advertising considered a tool that a company uses to deliver a desired corporate image to target customers. Increasing the amount allocated for advertising reflects that corporate is investing it its brand, which would express superior quality and good buys (Yoo, et al., 2000). In addition, the amount invested in advertising is one of advertising effectiveness determinants (Buil, et al., 2013).

Monetary Promotion and Corporate Image

Promotion is seen a vehicle that used to modify the corporate image (Dowling, 1986) as well as inducing choice (Ebeid, 2013). From business-to-business perspective, promotion is seen as providing information (Van Riel, de Mortanges & Streukens, 2005) for persuasion (Kim & Hyun, 2011). Although, Kwok & Uncles (2005) refer that promotion effectiveness is debatable. The consequences belonging to using monetary promotions may be varied relative to consequences resulted from using non-monetary promotions (Buil, et al., 2013), which may explain the debate mentioned previously (via research of Kwok & Uncles 2005), if promotions are not conducted appropriately. Based on varied configurations between consumer and business markets (e.g., numbers of buyers; who takes the purchasing decision, etc.), promotion manner that undertaken is varied accordingly (Kim & Hyun, 2011). In another form, consequences of using specific promotional tools in consumer markets may vary relative to those resulted from using the same ones in business markets. When comparing between advertising and promotion, it was stated that while advertising generates value, monetary promotion generates volume (Cobb-Walgren et al., 1995), and increases temporary brand switching (Yoo, et al., 2000). Kim & Hyun (2011) revealed that promotion (i.e., monetary and non-monetary promotion) positively affects corporate image. Keller (1993) implies that future results of marketing programs would be influenced by the use of price promotions. At this point, Buil, et al., referred that price promotions would influence brand equity. Also, it was stated that positive consequences (i.e., increasing brand exposure, and usage experience) would be generated from price promotions (Huang and Sarigöllü, 2012). Buil, et al. (2013) stated that undesired quality assessment would result from changing reference price to be discounted one (i.e., using monetary promotion). Regarding study of Buil, et al. (2013), data revealed non-significant influence of monetary promotions on brand associations. Manzur, Olavarrieta, Hidalgo, Farias &Uribe (2011) referred that customers may respond positively toward brand promotion, as they realize decreasing the price does not necessarily mean decreasing the quality.

Distribution Intensity and Corporate Image

Based on Dowling`s (1986) *model of corporate image formation process*, distribution has an impact on the formation of the desired corporate image the company attempts to provide into the market. As distribution intensity increases level of convenience (i.e., reducing customer`s sacrifices in terms buying the corporate product) it would increase customer satisfaction level (Yoo, et al., 2000). Kim & Hyun (2011) revealed that corporate image positively influenced by channel performance.

All mentioned above supports the proposed relationship between marketing variable (i.e., price, advertising spend, monetary promotion, distribution intensity) and corporate image, and directs author to form research hypotheses as follows;

H1: Price influences corporate image.

H2: Advertising spend positively influences corporate image.

H3: Monetary promotion influences corporate image.

H4: Distribution intensity positively influences corporate image.

Method

Measurement

Current research measures focal marketing-mix variables based on perceived rather actual marketing efforts, following previous research (Yoo et al., 2000; Buil et al., 2013; Ebeid, 2014), as customers would not have adequate knowledge about the company marketing efforts (Valette-florence et al., 2011). Building on previous research, variables of current research have been measured, as follows: Kim & Hyun, 2011, in terms of corporate image, Yoo et al. (2000), in terms of price, distribution intensity, and adverting spending; Yoo et al. (2000) and Buil, et al. (2013), in terms of measuring monetary promotion. Adequate level of psychometric properties for all study variables has been shown via reliability and validity analysis.

As shown in Table 1, the Cronbach's Alpha for the study dimensions ranged from 0.56 to 0.67 which refers to internal consistency between the items for each variable, although reliability coefficients were less than the acceptable cutoff criteria (0.07), it may considered acceptable given the small number of items related to each variable (ranged from 2 - 3).

Table 1. Reliability statistics

Variables	Number of Items	Cronbach's Alpha
Price	2	0.56
Advertising	3	0.66
Monetary Promotion	3	0.67
Distribution Intensity	2	0.61

Table 2 shows that the corrected item-total correlations ranged approximately from 0.3 to 0.4 which indicate that the study measurements are valid. Based on Table 1 & 2, author concludes that, analysis of reliability and validity indicates adequate level of psychometric properties for all study variables.

Table 2. Item-total correlation statistics

Item	Corrected item total correlation
Price 1	0.31
Price 2	0.37
Advertising 1	0.41
Advertising 2	0.29
Advertising 3	0.32
Promotion 1	0.39
Promotion 2	0.33
Promotion 3	0.38
Intensity 1	0.31
Intensity 2	0.34

Products and Brands stimuli

Building on study of Buil et al. (2013), author concerns available and well-known product categories, that reflect a wide range of consumer products among Egyptian customers. In addition, current research considers highly-involvement products. Thus, cell phone and laptop have been chosen. Such products would show different aspects (e.g., purchase frequency), that may result in supporting the research to get valid and reliable responses, and to provide some generalizability. Existence of varied categories enables to make a comparison, that is, an important issue (Krishnan, 1996). In the light of previous criteria, Nokia, Samsung, G-Tide, Dell, HP, Toshiba, are the focal brands that have been chosen, in terms of such categories, respectively.

Procedures

To test the research hypotheses, self-administered questionnaire has been distributed to respondents. The data obtained from under graduate students enrolled in Faculty of Commerce courses, Mansoura University, Egypt, during the fall semester, of the academic year 2013/2014. The results were built on 497 questionnaires. The response rate was approximately 83%.

Results

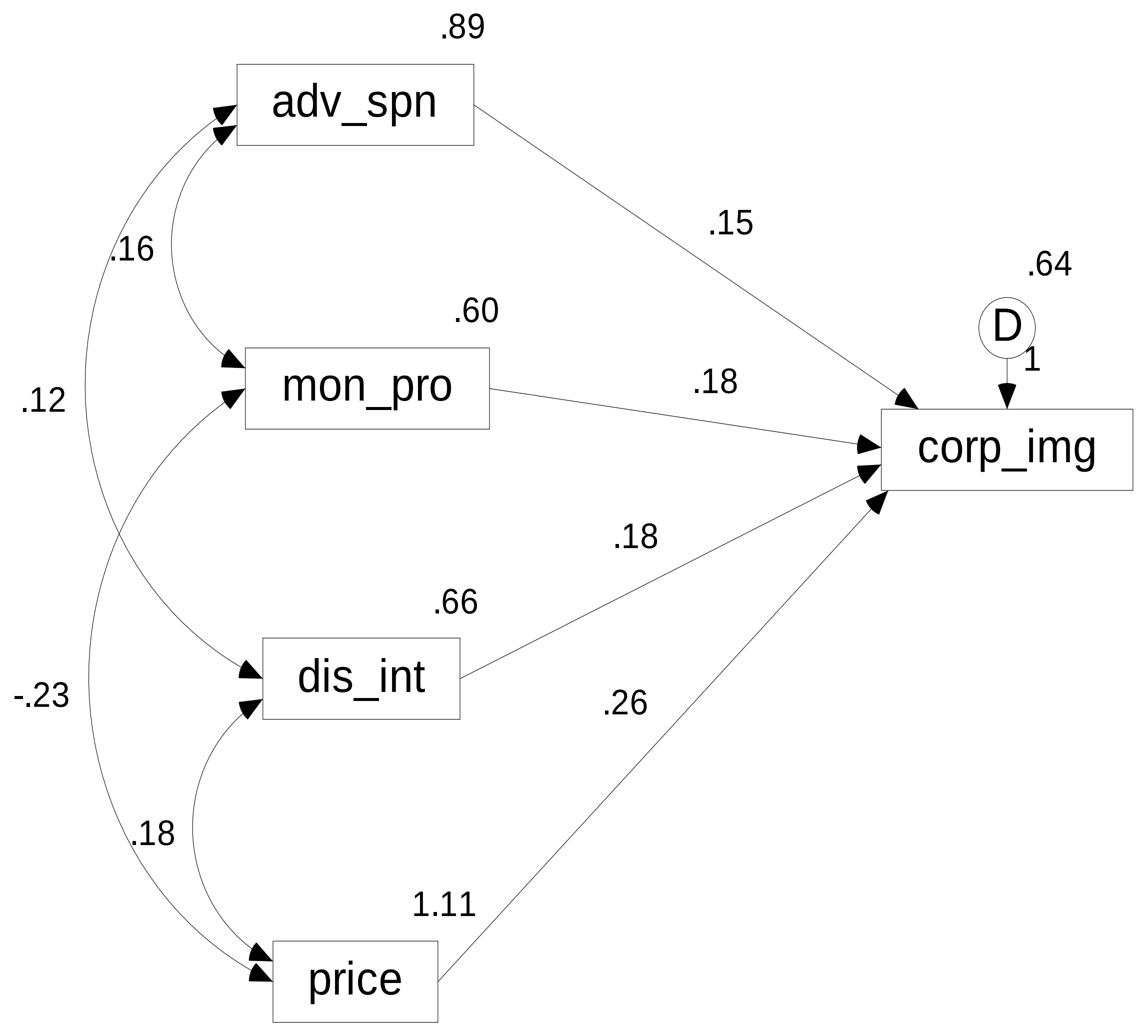

Figure 1. Model's parameter estimates

Structural Equation Modeling (SEM)

Structural equation modeling (SEM) was used to investigate the proposed relationships. Structural Equation Modeling is a very general, powerful multivariate analysis technique that includes specialized versions of a number of other analysis methods as special cases. Structural equation models are regression models with observed and latent variables. SEM enables researchers to answer a set of interrelated research questions by modeling the relationships among multiple independent and dependent constructs simultaneously (Gerbing & Anderson, 1988). This capability for simultaneous analysis differs greatly from most regression models such as linear regression, ANOVA, and MANOVA, which can analyze only one layer of linkages between independent and dependent variables at a time (Gadelrab, 2010).

With regard to baseline comparison, values of IFI TLI CFI were at the optimum value of perfect fit (1). RMSEA value was 0.003 indicates almost no difference between the model and data. Thus, it is concluded that proposed model reflects perfect fit to the data. Chi was not significant, thus the model fits the data.

Table 3. Model Fit Summary

Fit Index	Value
NPAR	13
Chi	2.010
DF	2
P	.366
CMIN/DF	1.005
IFI	1.000
TLI	1.000
CFI	1.000
RMSEA	0.003
LO 90	0.000
HI 90	0.890
PCLOSE	0.701

As shown in Table 4, the majority of regression weights were significant at (0.01) level. H1, H2, H3, H4 are accepted. Table 4 results in the following main significant and positive influences: advertising spend, monetary promotion; distribution intensity, price, all positively impact corporate image. In addition, Table 4, reveals that weights regarding the correlations between adverting spend and monetary promotion; advertising spend and distribution intensity; price and distribution intensity were positively significant at (0.01), while correlation between monetary promotion and price was negatively significant at (0.01).

Table 4. Standardized Parameters Estimates

Path	Estimate	P
corp_img <--- adv_spn	.165	***
corp_img <--- mon_pro	.155	***
corp_img <--- dis_int	.166	***
corp_img <--- price	.309	***
adv_spn <--> mon_pro	.215	***
adv_spn <--> dis_int	.161	***
mon_pro <--> price	-.279	***
dis_int <--> price	.208	***
adv_spn	.892	***
mon_pro	.600	***
dis_int	.658	***
Price	1.106	***

Table 5 shows that all the standardized residual were small and less than the criterion of 1.96, which confirms the fit of the model to the data.

Table 5. Standardized Residual Covariances

	Price	dis_int	mon_pro	adv_spn	corp_img
price	-.082				
dis_int	-.114	.048			
mon_pro	.407	.998	-.085		
adv_spn	1.003	.417	-.116	.049	
corp_img	.168	.193	.257	.364	.133

Implications

The issue of corporate image is pivotal in marketing filed. That is, the majority of people, who may not have direct experiences with a company, would rely on informational cues to form their perception and evaluation of a company (Dowling, 1986). This research seeks to testing the relationship between a group of marketing- mix variables (i.e., price, advertising spend, monetary promotion, distribution intensity) and corporate image, in an Egyptian consumer market, via one model, using structural equation modeling. Study of Kim & Hyun (2011) has addressed promotion in adaptation to business market, unlike the current study that focuses on consumer market, and addresses advertising and monetary promotion as independent variables. Current study concerns specifically distribution intensity, unlike recent research (i.e., Kim & Hyun, 2011) that addressed channel performance. Considering all this in mind, current study would hold a contribution. The focused marketing-mix variables participate in constituting corporate image. Advertising supports favorable corporate image. To increase the level of advertising effectiveness, a corporate needs to consider advertising spend as an investment (Buil, et al., 2013), and thus to allocate appropriate fund to undertake this activity. In addition, administration should realize how to set its advertising objectives, since Dowling (1986, p.110) stated that "corporate advertising objectives consistent with attitude theory and hierarchy of effects models would therefore be the creation of awareness and knowledge about a company; and attitudinal change towards the company." High priced-product generates positive image. This result is consistent with the notion, that is, high priced-product would increase high quality consumer perception (Milgrom and Roberts, 1986; Yoo, et al., 2000; Kim & Hyun, 2011; Buil, et al., 2013). Although, author argues that, the range of the price is not open-ended. Thus the matter is how to price the product to generate desired customer perception, not to issue overestimated-price, especially in case of product quality is homogenous and easily substantiated, if so, the price would result is negative influence on brand loyalty, as customer realizes the point is just to pay more (Kim & Hyun, 2011). Increasing distribution channels enhances corporate image. This result is consistent with previous research, as raising the availability level of corporate product increases brand awareness, and perceived quality (Ebeid, 2014). In addition, when a corporate increases the coverage area with its product, it increases the product probability of being purchased, as it raising the consumer convenience level by providing her/him with the product wherever and whenever she/he wants, and that finally results in increasing consumer satisfaction and loyalty as well (Kim & Hyun, 2011). Current study reveals that, offering monetary promotions support corporate image, matches Kim & Hyun`s (2011) result. Although, author argues that the single influence of monetary promotion on corporate image is needed to be verified, which has been fulfilled via the current study. Promotion would have either positive or negative impacts on post-promotion brand preference, according to promotion’s characteristics and the promoted product (DelVecchio et al., 2006). In the light of this notion, author would infer that characteristics of monetary promotion, and the nature of focused product would interact to generate feelings and impressions about the corporate, in which interpret the current research result. On the other hand, it was referred that, when individual's perception of the company differs from company's desired image, the company's marketing strategy may be necessary to be revised, that would be operationlized by using an appropriate combination of marketing-mix efforts Dowling (1986). At this point, author argues that reaching harmonized marketing activities in terms of approaching desired corporate image is more important issue than just investigating the individual relationship between each marketing-mix variable and corporate image. That is what the current study has just achieved, by grouping the focused marketing variables in one single model.

Limitations and Further Research

This study has a set of limitations. Cronbach's Alpha coefficients were below 0.07, although, it may considered acceptable given the small number of items related to each variable (ranged from 2 - 3), that would raising the convenience level and encourage respondents to issue more valid responses (which really achieved). The research sample was made up of students. Although, author does not see such matter as an overwhelming problem. Students would be treated as target customers for the focal product, agreeing with Cobb-Walgren, Ruble & Donthu (1995). Finally, author suggests verifying all relations, via different products, and customer-markets, in different cultures, to generate more generalizability. In addition, author recommends investigating the potential mediating role of corporate image between marketing-mix variables and brand equity, in customer markets.

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