

THE EFFECT OF STORE IMAGE AND BRAND PERCEPTION ON CUSTOMER SATISFACTION: THE CASE OF THE HYPERMARKET IN THAILAND

by

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Abstract

The objectives of this study are to identify consumers' store behavior and brand perceptions after an acquisition and to explore the effects of store image, self-congruity, and brand perception on customer satisfaction after the acquisition regarding the case of hypermarket content in Thailand. Questionnaires were distributed to 400 samples in the high competitive area of Bangkok and vicinity. The Structural Equation Model (SEM) was used to analyze the gathered data, and the proposed model showed that customer satisfaction positively resulted from store image, brand perception, and self-congruity. The most influential factor affecting customer satisfaction was self-congruity, followed by store image and brand perception respectively. Discussions of the results and implications are also provided.

Keywords: Acquisition, Store, Brand perception, Self-congruity, Customer satisfaction

1. Introduction

The supercenter or hypermarket is one of the fast-growing areas in retailing in Thailand and in many other countries. The Thai consumer goods market has recorded steady growth in the past few years, as the economy recovered strongly in 2012, expanding by 6.4% per year. In regional terms, Thailand's consumer goods market will remain one of the most important markets in Southeast Asia; retail sales have shown the value of US\$122.20 billion in 2012 and retail sales will rise to an estimated US\$214.20 billion in 2017 (Economist Intelligence Unit limited, 2013).

In Thailand, there are two major hypermarkets: Big C and Tesco Lotus in Bangkok, that have high competitive locations. The hypermarkets in Bangkok are the main study setting because Big C acquired Carrefour and most Carrefour branches are located in Bangkok and vicinity (Shannon, 2009). Merger & Acquisition (M&A) has been implemented for a decade because this strengthens the competitive advantage of business (Wattanasupachok, 2004).

Referring to previous studies, the findings show are relationship between variables, such as brand perception significantly being related to customer satisfaction or dissatisfaction (Koubaa, 2008). Also, store image has been found to be positively associated with brand perception and self-congruity (Collins - Dodd & Lindley, 2003). The case of Big C acquiring Carrefour in Thailand is an unusualsituation; therefore, the four variables (store image, brand perception, self-congruity, and customer satisfaction) are of interest in terms of exploring the relationship as to whether or not the results will be similar to the normal condition. That is to say, whether there is a positive or negative relationship between (1) store image and brand perception,(2) store image and customer satisfaction, (3) self-congruity and brand perception, (4)brandperception and customer satisfaction, and(5)self-congruity and customer satisfaction.

1.2 Research Questions

The research question of this study focus on the effect of store image, self-congruity, brand perception influence customer after Big C acquired Carrefour, the case of hypermarket content in Thailand are follows.

1. How does brand perception have an effect on customer satisfaction after the acquisition?
2. How does store image, self-congruity, brand perception and perception have an effect on customer satisfaction after the acquisition?

1.3 Research Objectives

The objectives of this study focus on the effect of store image, self-congruity, brand perception influence customer after Big C acquired Carrefour, the case of hypermarket content in Thailand are follows.

1. To identify the consumers' store behavior and brand perceptions after Big C acquired Carrefour.
2. To explore the effects of store image, self-congruity, brand perception on the customer

2. Literature Review

2.1 Store Image

Laurence Moore (1989) has suggested that store image is the change of a store (location and mobility) in order to serve customer preferences (taste and behaviour) and background (income). That is to say the customer-centric is significantly related to store image in the following items: (1) price, (2) range/ variety, (3) location/ distance, (4) quality, (5) car parking, (6) service, (7) all in one place/size, (8) on the way home, (9) petrol available, (10) environment/ cleanliness/ atmosphere/ coziness, and (11) opening hours. Collins-Dodd & Lindley (2003) have described store image as the consumers' attitudes toward the individual stores image and store brand perception, as well as the general attitudes toward store brands. Previously, Samli, Kelly, & Hunt (1998) found that 10 variables (sales people, service policies, assortment/selection, lay-out, attractiveness, price, convenience, quality of product, store most improve, community involvement) positively influenced the perception of a store. This study defines store image as customers' perception, emphasizing both tangible

and intangible elements such as products & services, customer service, facilities, location, promotion, environment and satisfaction.

2.2 Brand Perception

Peter & Olson (1990) briefly described brand perception as the customers' recognition of the brand. Still, price perception and satisfaction have been found to be positively significant in building customer intention to repurchase, as Jiang & Rosenbloom (1967) have pointed out. Furthermore, the study of Rajagopal (2007) suggested that effective product positioning and brand perception are the keys to sustaining long-term customer attitudes toward the store. Therefore, this study defines brand perception as the overall assessment of personal experience to perceive and recognize certain brands or product characteristics.

2.3 Self-Congruity

Park, Jaworski, and MacInnis (1986) simply defined self-congruity as consumer behavior in buying products for useful and self-expressive benefits. Malhotra (1988) also explained self-congruity as the selection of brands by the consumer associated with personal characteristics. Kassarian (1971) defined self-congruity in a way similar to the notion of self-concept; that is, consumers select their most preferred brand (Sirgy, 1982) and this selection can be divided into four types: actual self-congruity defined as how the customer views himself/herself; social self-congruity defined as how the customer believes others view him/her; ideal self-congruity defined as how the customer would like to view himself/herself; and ideal social self-congruity defined as how the customer would like others to view him/her). There were two categories of ideal social self-congruity, actual self-congruity and social self-congruity, where were found to have a significant impact on Chinese shoppers' customer satisfaction, perceived-value, and store loyalty compared to western customers.

2.4 Customer Satisfaction

Collins-Dodd and Lindley (2003) presented the idea that customers' attitudes, including self-congruity, influence the stores' image and brand perception. Also, their regression analysis shows a positive correlation between (1) brand perception and store image, (2) store image and the customers' attitudes, and (3) the customers' attitudes and brand perception. In addition, Koubaa (2008) confirmed that brand perception is significant related to customer perception, including satisfaction or dissatisfaction. That is the reason that brand alignment is used to manage the range of brands to educate, communicate, and create brand perception for customers. Additionally, self-congruity significantly influenced the customer's decision-making, in particular regarding the brand (Britt, 1960).

3. Research Methodology

3.1 Instrument

In the questionnaire employed in the present study, there were four main constructs (store image, brand perception, customer satisfaction, and self-congruity) measured using a 7-point Likert-type scale (1- strongly disagree to 7 strongly agree) from Speck & Peterson's (2010) measurement. The pretest and IOC were executed with 30 Big C customers in two competitive locations: Petchakasem2 and Nakhonpathom in Thailand in order to verify the reliability of each construct and to ensure that the questionnaires were clear.

In summary, there were 41 questions in total regarding the following; store image (12 questions), brand perception (9 questions), self-congruity (11 questions), and customer satisfaction (9 questions).

Table 1 The measurement loadings on related factors

Factor	Measurement	Factor Loading	AVE	Cronbach's alpha
Store Image (A)	A1	0.616	0.744	0.893
	A2	0.621		
	A3	0.621		
	A4	0.624		
	A5	0.517		
	A6	0.766		
	A7	0.505		
	A8	0.665		
	A9	0.767		
	A10	0.724		
	A11	0.517		
	A12	0.825		
Brand Perception (B)	B1	0.773	0.735	0.897
	B2	0.777		
	B3	0.667		
	B4	0.656		
	B5	0.792		
	B6	0.731		
	B7	0.664		
	B8	0.754		
Self-Congruity (C)	C1	0.604	0.815	0.935
	C2	0.787		
	C3	0.732		
	C4	0.873		
	C5	0.840		
	C6	0.861		
	C7	0.867		
	C8	0.745		
	C9	0.776		
	C10	0.748		
	C11	0.549		
Customer Satisfaction (D)	D1	0.838	0.715	0.935
	D2	0.921		
	D3	0.936		
	D4	0.940		
	D5	0.722		
	D6	0.542		
	D7	0.615		
	D8	0.722		
	D9	0.699		

The factor loading presents weight of each measurement relates to each construct (in Table 1). The result shows all measurements of store image, brand perception, self-congruity, and customer satisfaction fall into the acceptable range, 0.5 regard to Fornel & Larcker (1981).

Table 2 The Convergent Validity

Construct	AVE	Validity Result
Store Image	0.744	Accepted
Brand Perception	0.735	Accepted
Self-Congruity	0.815	Accepted
Customer Satisfaction	0.715	Accepted

The convergent validity is firstly examined in order to describe the relationship between the measurements and each construct. The validity of each measurement should be at least 0.5 as the study of Fornel & Larcker (1981) recommended that the convergent validity can be seen from the constructs' AVE above the 0.5 (in Table 2)

3.2 Data Collection

Following the work of Yamane (1967), there were 400 samples in this study. In addition, the survey was distributed from 10 out of 34 branches after Big C acquired Carrefour, the so-called Big C Extra. Meanwhile, half of the total sample was from 10 branches in a Big C Super Center. The gathering of the data from the 400 samples took a month, from the two categories of the samples: former Carrefour customers that held an "I Wish Card" and the existing Big C customers that had a "Big Card." Currently, all "I Wish Card" memberships have been replaced by the "Big Card".

4. Research Results

4.1 Statistics

Brief demographic information (gender, age, educational level, occupation, and income level) resulting from the total of 400 responses without missing value was first explained. Basically, the majority of respondents were female (74%), aged between 20 - 40 years and constituting around 76.50%. Additionally, just over 80% of the respondents earned a bachelor's degree or above. Furthermore, the three occupational groups included employees of a private company (46.25%), government officials (23.5%), and state enterprise officials (13%).

The supercenter shoppers' explanations and behavior were explored as follows. Regarding the membership cards held by the respondents, the majority were the "Big Card" and "I Wish Card" (44.75%), followed by the respondents had "Big Card" cards (38.00%), and "I Wish Card" cards (5.00%). Some respondents explained that they did not have membership card (30.61%), did not know about a membership card (20.41%), and were not interested in a membership card (18.38%).

4.2 Purchase Behavior

First, the result explained that there was a significance in having a "Big Card" membership arising from gender, at the 0.05 significance level; $p = 0.0031$. That is, regarding the total of respondents that had a "Big Card," the majority was female (74%).

Secondly, the respondents that had an “I Wish Card” membership were related to income-level differences. In addition, the average time a month that the respondent went shopping at Big C resulted from their different levels of income. Further, the respondents’ occupation resulted in an average amount of spending at Big C each month. Furthermore, the average money spent and time spent at Big C was a result of income level.

Additionally, there was a difference in the news sources resulting from the respondents’ age. Similarly, educational levels and occupations were seen to be related to sources of Big C news, such as printed media (newspaper, brochure, etc.), radio, TV, Internet, SMS, and other sources.

Lastly, the age range and occupation influenced the product categories available at Big C, such as dry food, fresh food, and so on. Furthermore, the different groups of occupations resulted in the following different agreement levels.

4.3 SEM

Structural Equation Modeling (SEM) is a statistical technique used to estimate the causal relationship of multivariate variables; that is, to completely compare the differences or relationships of several independent and/or dependent variables in a single of time. The SEM has been used by Sirichalermpong & Chansa-ngavej (2012) to investigate the positive relationship between quality perceived and franchise perceived in a non-retailing business franchise in Thailand.

4.4 Model and Hypothesis Tests

4.4.1 Measurement Model

The measurement fit indices were first determined before running the SEM full model. The results showed that the measurement model fit indices were accepted (see Table 3).

Table 3 The Measurement Model Fit Indices

Fit Indices	Acceptable Threshold Levels	Value	Summary
NFI	The acceptable value could be a value of .90 for the NFI as a minimum for model acceptance (Bentler & Bonnett (1980) and Bentler (1992)). In addition, McDonald, (1989) suggested that the NNFI range of acceptance should be between 0 and 1.	0.928	Accepted
NNFI		0.944	Accepted
CFI		0.947	Accepted
RMSEA	The value of RMSEA smaller than 0.1 was accepted. That is, a value less than .05 of RMSEA indicates a good fit, a value of .05 indicates a close fit, and values up to .08 represent reasonable fit (Browne and Cudeck, 1993).	0.079	Accepted

The fit indices were used to examine Comparative Fit Index (CFI), Normed Fit Index (NFI), and the Root Mean Square of Error Approximation (RMSEA) as suggested by Hu & Bentler (1995). The correlation fit indices were NFI = 0.928, NNFI = 0.944, CFI = 0.947, and RMSEA = 0.079.

The correlation coefficient matrix between the pair of constructs needed to be run before proceeding to the implementation of the full model (in Table 4).

Table 4 The Correlation Coefficient Matrix and Square Root of AVEs

	Store Image	Brand Perception	Self-Congruity	Customer Satisfaction
Store Image	0.863			
Brand Perception	0.842	0.857		
Self-Congruity	0.719	0.765	0.903	
Customer Satisfaction	0.692	0.675	0.672	0.846

Note: Bold characters represent the square root of AVE

The convergent validity was first examined in order to describe the relationship between the measurements and each construct. In addition, discriminant validity was then examined in order to ensure the difference between the construct. The validity can be accepted if there is no overlap when each shared variance (squared correlation) of constructs is compared, as noted by (Bove, Pervan, Beatty, & Shiu, 2009). The matrix table was proposed to compare each pair of squared correlation. Fornell and Larcker (1981) pointed out that the AVE that the construct compares needs to be greater than the shared variance.

The validity was then examined, and both convergent and discriminant validity showed acceptable results. That is, each measurement was accepted to represent the constructs, and each construct was found to be different. The full model was the next step.

4.4.2 Full Model

The Full Model was developed. The fit indices represent the acceptable model between the conceptual framework and the collected data. The full model fit indices were as follows: NFI = 0.905, NNFI = 0.920, CFI = 0.924, and RMSEA = 0.095 (in Table 5). Even though this full model did not exhibit the best fit, the fit indices were in a reasonable range, and all elements were kept as in the literature review. Thus, the full model was considered as an acceptable format.

Table 5 The Full Model Fit Indices

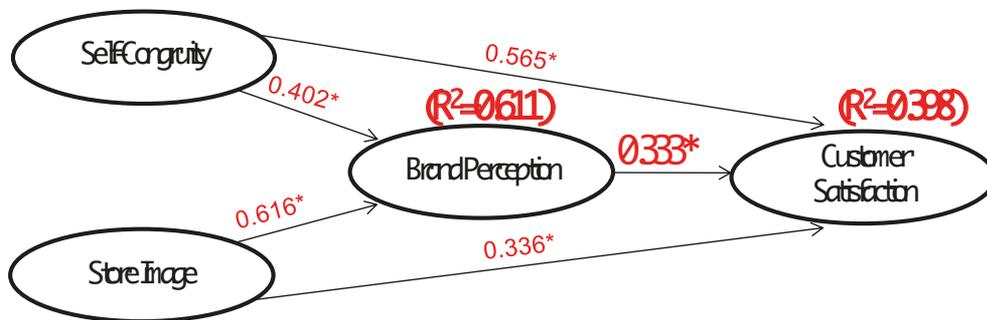
Fit Indices	Acceptable Threshold Levels	Value	Summary
NFI	The acceptable value can be the value of .90 for the NFI as a minimum for model acceptance regarding to the study of Bentler & Bonnett (1980) and Bentler (1992). In addition, Sharma et al. (2005) and McDonald and Marsh (1990) suggested the NNFI range of acceptance should be between 0 and 1.	0.905	Accepted
NNFI		0.920	Accepted
CFI		0.924	Accepted
RMSEA	The value of RMSEA smaller than 0.1 was accepted. That is, the values less than .05 of RMSEA indicate a good fit, a value of .05 indicates a close fit, and values up to .08 represent reasonable fit (Browne and Cudeck, 1993).	0.095	Accepted

4.4.3 The Five Hypothesis Tests

The hypothesis testing (there were five main hypotheses related to four constructs; store image, brand perception, self-congruity and customer satisfaction) is shown as follows.

The hypothesis testing (in Figure 1) can be explained more in detail as follows: the result first showed that brand perception was significantly related to store image and self-congruity at a significance level of 0.05. That is, the finding presents the fact that the store image (0.616) was more influential than the element of self-congruity (0.402).

Figure 1 The Conceptual Model



Note: * represents test statistics significant at the 0.05 level of significance.

$$\text{Brand Perception} = 0.616 * \text{Store Image} + 0.402 * \text{Self-Congruity}$$

Additionally, the customer satisfaction resulted from store image, brand perception, and self-congruity at the alpha of 0.05. The self-congruity (0.565) was found to be most influenced among those three elements, followed by store image (0.336) and store image (0.333) correspondingly.

$$\text{Customer Satisfaction} = 0.333 * \text{Brand Perception} + 0.336 * \text{Store Image} + 0.565 * \text{Self-Congruity}$$

Regarding the hypothesis-testing above, the findings can be summarized; there were the positive relationship between store image, brand perception, and customer satisfaction. That is, the following hypotheses were supported (in Table 6).

Table 6 The Summary of Hypothesis-testing

Hypothesis	Result
H1: The store image has a positive influence on brand perception.	Supported
H2: The store image has a positive influence on customer satisfaction.	Supported
H3: Self-congruity has a positive influence on brand perception.	Supported
H4: Brand perception has a positive influence on customer satisfaction.	Supported
H5: Self-congruity has a positive influence on customer satisfaction.	Supported

5. Discussion

The research findings were supported by past studies. Mazanec (1995) proved for example that there was a positive association between customer satisfaction and customer preference. That is to say, a desirable perception leads to customer satisfaction and loyalty, whereas an undesirable image causes a negative effect. Finn and Louviere (1996) found that there was a positive relationship between store image and brand perception. That is say, Big C customers still positively perceived the brand and were satisfied with the products and services provided after acquiring Carrefour.

In addition, the results from this study ensured the previous findings, including those of Sirgya, Lee, and Tidwelld (2008), which confirmed that there is a positive correlation between self-congruity and brand loyalty, taking the two conditions into account: when customers are conscious of a store event, and when customers participate in a store event. Further, Knight and Kim's (2007) idea that creative choices (self-congruity) are positively related to emotional value (brand perception) was confirmed. Collins-Dodd and Lindley (2003) presented the notion that customer attitudes, including self-congruity, influence the stores' images and brand perception. Also, their regression analysis showed a positive correlation between (1) brand perception and the store image, (2) stores' image and customer's attitudes, and (3) customers' attitudes and brand perception. In this case, the attitudes could be customers' self-congruity.

Lastly, Koubaa (2008) confirmed that brand perception was significantly related to customer perception, including satisfaction or dissatisfaction. That is the reason that brand alignment was used to manage the range of brands to educate customers and to communicate and create brand perception to them. Getty and Thompson (1994) confirmed that price or value results in the development of customer satisfaction. In addition, Marielza (1995) proved that a fair price charged affects the customer's perception. All of the above assured the same results as in the studies in the past. In short, brand perception affected Big C customers' satisfaction regarding the products and services provided after the acquisition of Carrefour. In addition, self-congruity was positively seen to affect the Big C customers' brand perception after the acquisition occurred.

6. Conclusion

6.1 Result Summary by Objectives

The two objectives of this study were accomplished as follows.

Regarding the demographics, the majority of respondents were female (74%), age between 20 - 40 years and constituting around 76.50%, and just over 80% of the respondents completed a bachelor's degree or above. Furthermore, three occupational groups included employees of private companies (46.25%), government officials (23.50%), and state enterprise officials (13.00%).

The effects of store image, self-congruity, and brand perception on the customers were then explained. The results showed that brand perception was significantly related to store image and self-congruity at the significance level of 0.05. Store image (0.616) was found to be more influential than another element, self-congruity (0.402). Additionally, customer satisfaction resulted from the store's image, brand perception, and self-congruity at

the alpha of 0.05. Self-congruity (0.565) was found to be most influenced among those three elements, followed by store image (0.336) and store image (0.333).

6.2 Implications

There are both theoretical and practical contributions that resulted from this study, as follows.

6.2.1 Theoretical contribution

This is the first study to explore the model testing relationships among store image, brand perception, self-congruity, and customer satisfaction. In particular, self-congruity results in brand perception and customer satisfaction. Furthermore, this study was the first research to provide an understanding of the four factors after the acquisition.

6.2.2 Practical contribution

The practical contribution resulting from this study is to develop strategic planning in order to maintain and/or increase customer satisfaction after Big C' acquired of Carrefour. In addition, the managerial levels are able to develop strategic planning about how to satisfy the customer after the post transition because the customer satisfaction directly impacts on sales performance. Yet, internal communication improvement should be executed. Finally, the findings can help the organization to improve the communication process between the organization and customers to ensure that customers possess the store image and brand perception that the organization intends.

6.3 Practical contribution

A further study is recommended to enhance the understanding of customer satisfaction in the retailing industry context. Firstly, the sample size should be increased in order to strengthen credibility and reliability. Secondly, a longitudinal study is suggested to clarify behavior change over time. Finally, the comparison between the different hypermarkets in Thailand is another recommendation.

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