

EXPLORING THE CAUSAL STRUCTURE BETWEEN PERCEIVED CORPORATE REPUTATION AND CONSUMER SATISFACTION – AN EXPERIMENTAL INVESTIGATION

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ABSTRACT

Corporate reputation and consumer satisfaction can both be regarded as important drivers of a firm's competitive advantage (Balmer and Greyser 2003; Fombrun 1996, Fornell 1992). Investigating the antecedents and consequences of these two constructs is of growing interest for academic research and marketing practice alike. Reputation has been shown to be a determinant in purchase decision making (Carmeli and Tishler 2005). Reputation serves as a quality signal that reduces uncertainty of consumers prior to a purchase decision. Building a favorable reputation is therefore deemed an effective way to gain market access and acceptance. After instigating a transaction with a new customer, achieving high rates of customer satisfaction becomes an important goal for firms as satisfaction is viewed as one of the major determinants of customer repurchase and word-of-mouth (Anderson and Sullivan 1993).

Despite the academic and practical relevance of both constructs, there is still a controversy regarding the relationship and direction of causality between reputation and satisfaction. Some authors claim that reputation "determines customers' sensitivity to short run deviations in product quality and satisfaction" (Anderson and Sullivan 1993, p. 132), while authors such as Carmeli and Tishler (2005) argue that a good reputation is caused by satisfaction. Taking into account prior research in this field, it remains unclear whether corporate reputation is a determinant or an outcome of consumer satisfaction. Verifying causality is an important task of empirical research in order to provide insights into the levers of marketing effectiveness: If reputation "caused" consumer satisfaction, this would have different implications compared to the finding that consumer satisfaction "causes" perceptions of corporate reputation. Therefore, we take this controversy in the literature as a starting point. Precisely, we raise the research question whether perceived good corporate reputation positively affects consumer satisfaction or whether the degree of consumer satisfaction has an impact on perceived corporate reputation.

To explain the relationship between satisfaction and perceived corporate reputation, we draw on consistency theories which claim that individuals strive for consistency within their lives (Festinger 1957; Heider 1958). Consistency theories can explain both directions of the relationship. Consumers who make a satisfying experience with a company's product probably want to keep up their mental balance and will therefore evaluate the company's reputation more favorably. Consistency theories might also account for the effect of perceived corporate reputation on satisfaction. Consumers who have a positive attitude towards a company resulting from its favorable reputation want to act consistently and therefore indicate higher levels of satisfaction with products offered by this company.

We tested our hypotheses by conducting two experimental studies. Experiments are the appropriate means to find out about the causality of the relationship (Aronson et al. 1990). In the first experiment, consumer satisfaction was manipulated by exposing participants of the treatment group to a situation in which they had a positive product experience. Afterwards, we measured their evaluation of the reputation of the company who offered the product. In this first experiment, the hypothesis that consumer satisfaction causes a favorable perceived reputation was confirmed. In the second experiment, we presented the experimental group a product offered by a well-known and highly reputable company. The control group only sampled the product. They were not provided with any company name or information. Consumer satisfaction was measured between subjects. The results of the second experiment could not confirm the hypothesis that positive reputation leads to consumer satisfaction.

Results suggest that consumer satisfaction can be considered a driver of perceived corporate reputation. This finding has different managerial implications. For example, product sampling – if it leads to satisfaction with the product – cannot only encourage subsequent purchase of the product in future buying situations but can also have a positive (indirect) effect on perceived corporate reputation. The finding that there was no significant effect of corporate reputation on consumer satisfaction was unexpected and might be (partially) explicable by the experimental setting. While reputation might not play such an important role in goods which tend to be high in search and experience qualities, the importance of reputation for the evaluation of credence quality goods might be different.

References Available on Request.