Studying the Effect of Perceptual Similarity Consumer from other Customers on Corporate Marketing Performance
(Case Study: Isfahan's Iran Khodro Customers)

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Abstract
Similarity among consumers can be identified as a major factor that attracts consumers towards a company or a brand. Interactions between consumers by perceptual similarity can be determinant of corporate image and as a potent source of competitive advantage. The purpose of this study was to investigate how the formation of a corporate image through perceptual similarity consumer from other customers and the impact on the corporate marketing performance. Population studied Iran Khodro’s customers are located in the city of Isfahan that 172 person selected randomly and to collect data from these were used to questionnaires that its justifiability was confirmed by the supervisors, advisors and management specialists and experts and its reliability was confirmed 0/89 by Cronbach alpha. Collected data analyzed by SPSS and AMOS softwares. This research including of a main hypothesis (studying a significant effect of perceptual similarity consumer from other customers on corporate marketing performance) and eight sub-hypotheses (studying a significant effect of perceptual similarity consumer from other customer on consumer emotional attachment to the company and consumer – company identification, studying a significant effect of consumer emotional attachment to the company on consumer – company identification and the corporate image, studying a significant effect of the consumer – company identification on corporate image, studying a significant effect of corporate image on customer behavioural loyalty and purchase / repurchase intention and customer extra-role behaviours) that based on the results, all of research hypotheses were confirmed. Results of this study showed that the fourth sub-hypothesis (impact of consumer emotional attachment to the company on corporate image) with the path coefficient 0/90 has the greatest impact and the third sub-hypothesis (effect of
consumer emotional attachment to the company on consumer – company identification) with the path coefficient 0/68 is the least affected.

**Key words**: perceptual similarity consumer from other customers, consumer-company identification, emotional attachment, corporate image, behavioural loyalty, customer extra-role behaviours, purchase /repurchase intention.

**Introduction**

In the not-so-distant past, researchers have begun to recognise that other customers do indeed have an influence on corporate image and consumer-company (C-C) identification (Hansen and Deutscher, 1978; Tauber, 1972; Timmermans; et al., 1982). However, despite this recognised influence, the conceptual studies into this area have been limited, beginning only in the 1970s, and leave a vast area for investigation into this topic (Martin and Pranter, 1989). Until now, retail marketers have not attempted to manage customer-to-customer interactions/relationships. Instead, they have left those interactions to unfold, as they will, hoping the interactions have a favourable effect on daily sales goals. However, it has been suggested that careful planning and management of inter-customer experiences can be a potent source of competitive advantage because customer-to-customer interactions are everywhere and are such an integral part of the way business is conducted in many organisations (Clark and Martin, 1994). Consequently, while negative customer-to-customer interactions can sometimes have a damaging impact on a company, positive customer-to-customer interactions may add value for customers and lead to profit for firms. Customers can also become “partial employees” by providing information to both customers and the company, which can also lead to cost savings for firms. Additionally, since the users of a product or service may also act as the face of the company for other consumers, corporate image and identity may be influenced and even driven by how customers of that company are perceived. Therefore, recognizing the significance of customer-to-customer interactions/relationships, organisations must actively manage those interactions if they want to stay competitive in the marketplace. In this study, we state a basis for potential discourse generation among customers about corporate image formation through similarity assessment of customers about each other and its role in corporate marketing. In brief, we assert that customer-to-customer interactions driven by similarity perception can be a potential determinant of corporate image and also examines whether favourable corporate image can have a positive impact on corporate marketing performance indicators (i.e. behavioural loyalty, purchase/repurchase intention and customer extra-role behaviour).

**Literature review**

**Perceptual similarity consumer from other customers**

Belk (1975), in defining his framework of situational influences, produced one of the first works examining other customers’ influence apart from word-of-mouth. In Belk’s framework, other customers constitute part of the “social surroundings”, which has been regarded as the least-explored factor in Belk’s situational dimensions.

Customer-to-customer relationships were further extended to the relationship network context by Martin and Clark (1996). Specifically, they pointed out some important
characteristics of customer-to-customer relationships. For example, they claimed that customers’ roles are often poorly defined and the roles played by customers vary substantially. Clark and Martin (1994) have suggested that a careful planning and management of inter-customer experiences can be a potent source of competitive advantage because customer-to-customer interactions are omnipresent and an integral part of doing business. Similar to the role of employee-customer contact in corporate brand construction, favourable corporate images could emerge as a result of positive interactions among consumers. This view is consistent with the Attraction Theory (Byrne et al., 1967), which asserts that one would be more attracted to an object (company) when he/she gets more reinforcement. As suggested by the brand image research stream, the image is usually determined by a host of factors including typical users or a stereotype of the generalized users of the brand (Aaker, 1997; Sirgy and Samli, 1985). Thus, similarity among users can be identified as a major factor that attracts consumers towards a company or a brand.

In fact, studies show that when people are placed in situations in which they can associate with whoever they choose, they tend to associate with people who are similar to them in some aspect. This tendency for similar people to gravitate toward one another is known as the similarity-attraction paradigm. Moreover, not only do similar people gravitate toward one another, but they also tend to behave more favourably toward one another than they do toward people who are dissimilar (Turban and Jones, 1988).

Similarity refers to the degree to which members of a group are alike in terms of personal attributes or other characteristics (Smith, 1998). It represents an important basis of interpersonal attraction and, consequently, of social integration and cohesion. A similarity-attraction effect results in people being attracted to and seeking membership in groups with members who are similar to them.

**Consumer-company identification, emotional attachment and other customers**

In organisational identification studies which draw on Social Identity Theory, identification is defined as “the process by which the goals of the [organisation] and those of the individual become increasingly integrated and congruent” (Hall et al., 1970). In identification, that integration becomes intrinsic not only for organisations’ employees, but also for customers of those organisations. Recent research in organisational identification (e.g. Gwinner and Swanson, 2003; Pratt, 1998; Scott and Lane, 2000) has shown that identification can also play a role in relationship building between non-formal members and organisations. Similarly, Bhattacharya and Sen (2003) claim that consumers may categorize themselves in social groups that they associate with certain companies and may have their self-definitional needs partly fulfilled by the companies they patronize.

According to Ashfort and Mael (1989), people attempt to define their identity and their sense of belonging by associating themselves with groups, which could themselves be associated with a specific company. This practice of identifying oneself with a group naturally leads to an individual’s psychological attachment to the group’s (or company’s) fate. This view is also consistent with the Social Comparison Theory (Festinger, 1954), which asserts that individuals learn about and assess themselves through comparison with other people. It is also consistent with Social Identity Theory (Tajfel and Turner, 1979), which claims that group membership
creates in-group/self-categorization and enhancement in ways that favour the in-group at the expense of the out-group.

Thompson and Phua (2005) argue that emotional attachment may predict an individual’s evaluations of a brand. Furthermore, they assert that forming emotional attachment towards an object requires the individual to invest in that object. Similarly, the corporate marketing view suggests that consumers assess corporate brands on the basis of their emotional aspects. The degree of such emotional commitment depends on the link between the qualities of that object and the self-concept. In other words, people become more emotionally attached to objects that they perceive as having qualities similar to their characteristics. Fombrun et al.’s study (2000) indicates that individuals consciously assess the organisation’s reputation when evaluating a company; however, they tend to base their final evaluations on the emotional appeal that organisation has for them. Accordingly, a company can also be considered the object of emotional evaluations.

On the basis of all the previous arguments, in this study we argue that perceptual similarity consumer from other customers in general may have an influence on consumers’ emotional attachment to an organisation, their identification with it and their evaluation of that company. Hence, the following is hypothesized:

1- Perceptual similarity consumer from other customers has a significant effect on emotional attachment.
2- Perceptual similarity consumer from other customers has a significant effect on Consumer-company identification.

**Consumer-company identification, emotional attachment and corporate image**

Thompson and Phua (2005) argue that people form emotional attachments with objects when they put these objects in a central position in their lives. Corporate marketing perspective suggests that in order to achieve that focal position, corporate brands should be equipped by unique emotional characteristics. Therefore, when individuals feel emotionally attached to an organisation, they tend to use that company as a profound identifier of the self. Bhattacharya and Sen (2003) assert that individuals will be more likely to accept those organisations in helping to define who they are in their social environments when they think people they value also respect and trust these companies that they find reputable. Therefore, it is assumed that the emotional attachment to an organisation is a determinant of consumer-company (C-C) identification, and hence the following is proposed:

3- Emotional attachment has a significant effect on Consumer-company identification.

Fombrun et al. (2000) demonstrated that corporate reputation is based on non-rational and emotional reasons along with rational assessments. Similarly, Harris and De Chernatony (2001) argue that differentiating corporate brands is more of a function of promoting emotional aspects than functional ones. Bhattacharya and Sen (2003) claim that consumers are emotionally attracted to companies that have identities respected and trusted by the public. This attraction is due to customers’ feelings of self-worth when the organisations they consider as reputable are also well regarded by individuals they hold in high esteem. Drawing on this conclusion, it is proposed that the emotional predisposition of consumers towards a company may influence the image they hold about that company. Hence

4- Emotional attachment has a significant effect on corporate image.
Bhattacharya and Sen (2003) claim that when consumers see that a company is well respected by others whose opinions they value, they will be more likely to develop a similar view in order to be able to be a part of that group of people. Consistent with this argument, it is proposed that C-C identification is a psychological state that may affect how consumers perceive a company as a whole. Therefore, it is posited that

5- Consumer-company identification has a significant effect on corporate image.

Outcomes of corporate image

Bhattacharya and Sen (2003) suggest that a positive attitude towards a company and its values may determine behavioural loyalty towards that organisation. Additionally, Brown and Dacin (1997) showed that a positive impression about a company causes positive product evaluations, even in cases of high-perceived risk. These assertions indicate that corporate image and behavioural loyalty and intentions are intertwined and that when consumers hold favourable attitudes towards a company, their behavioural intentions tend to be favourable. Thus, such condition can help organisations to sustain long-term relationships with consumers as the corporate marketing view aims. Customer extra-role behaviours may be regarded as another important outcome of favourable perceived corporate image. Extra-role behaviours have mostly been investigated in organisational settings. More recently, extra-role behaviours have also been integrated into customer context studies (e.g. Bettencourt, 1997; Gruen et al., 2000), based on the argument that inter-relationships among consumers and interactions between customers and organisational members (sales persons, cashiers, etc.) are integral parts of doing business. Those studies have shown that customers convey their experiences to one another by word of mouth, act as a partial employee of the company and cooperate with the organisation and give feedback to its employees on product or service improvements (Ahearne et al., 2005; Rosenbaum and Massiah, 2007). Therefore, the inter-relationships between customers, and thus the extra-role behaviours presented, may be positively influenced by the attitudes held toward the organisation. Based on these arguments we hypothesize the following:

6- Corporate image has a significant effect on behavioural loyalty.
7- Corporate image has a significant effect on purchase/repurchase intention.
8- Corporate image has a significant effect on customer extra-role behaviours.
The conceptual model of study

The conceptual model of study has been presented in figure 1. The relationships between variables of this model refer to the research hypotheses.

![Fig1: The conceptual model of study](image)

**Methodology**

The present study was conducted using descriptive-field method. It was intended to investigate research purposes and problems given to the topic and studying the hypotheses by means of a questionnaire. The existing resources (books, articles, websites) were used to gather the research literature and theoretical issues. The reliability was measured through Cronbach's alpha that was equal to 0.89 and showed high reliability of the questionnaire. Validity of the questionnaire was confirmed through professors and experts' opinions. The statistical population of this study includes customers of Iran Khodro in the city of Isfahan. The sample size was determined given to the estimated variance from the preliminary sample (0.1122) and using Cochran formula (population size=$\infty$), confidence level (95%) and standard error of estimation equal to $d=0.05$. It was estimated equal to 172 persons as below.

$$n = \frac{\frac{Z^2}{2}}{d^2} \times \frac{\sigma^2}{(0.05)^2} = 172.449 \approx 172$$

**Data analysis**

Testing of the hypotheses in this section was analyzed through inferential statistics and it was tried to find a suitable response for research questions given to confirmation or rejection of hypotheses.

**Studying structural equations models**

Structural equations model of the survey was studied through path analysis method by means of AMOS software. Here goodness of the model was studied and each intended relation was tested. Results of model's goodness as well as the figure and impact factors are presented and the results related to the hypotheses are illustrated.
Testing the main hypothesis
Results of Table 1 show that perceptual similarity consumer from other customers has a positive and significant effect on Corporate marketing performance with standard coefficient equal to 0.537. Thus, main hypothesis is confirmed. Coefficient of determination (R2) was calculated equal to 0.516 that shows about 52% of corporate marketing performance are explained by model.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Standard Coefficient</th>
<th>Standard Error</th>
<th>C.R. Critical Ratio</th>
<th>p-value</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceptual Similarity Consumer from other customers -- Corporate marketing performance</td>
<td>0.537</td>
<td>0.266</td>
<td>3.999</td>
<td>0.000</td>
<td>Is confirmed</td>
</tr>
</tbody>
</table>

Testing of secondary hypotheses based on results of path analysis model
Path analysis model was used to test the hypotheses. Each path of structural equations model was proposed as a hypothesis and thus results of testing the hypotheses are presented as below.

H1: Perceptual similarity consumer from other customers has a significant effect on emotional attachment.

Results of Table 2 show that perceptual similarity consumer from other customers has a positive and significant effect on emotional attachment with standard coefficient equal to 0.740. Thus, hypothesis one is confirmed. Coefficient of determination (R2) was calculated equal to 0.504 that shows about 50% of emotional attachment are explained by the model.
Table 2- Testing hypothesis1

<table>
<thead>
<tr>
<th>Secondary hypotheses</th>
<th>Standard Coefficient</th>
<th>Standard Error</th>
<th>C.R. Critical ratio</th>
<th>p-value</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceptual Similarity Consumer from other customers --&gt; Emotional Attachment</td>
<td>H1</td>
<td>0/740</td>
<td>0/092</td>
<td>9/927</td>
<td>0.000</td>
</tr>
</tbody>
</table>

H2: Perceptual similarity consumer from other customers has a significant effect on Consumer-company identification.

Results of Table 3 show that Perceptual Similarity Consumer from other customers has a positive and significant effect on Consumer-Company Identification with standard coefficient equal to 0.781. Thus, hypothesis two is confirmed. Coefficient of determination (R2) was calculated equal to 0.480 that shows about 48% of consumer-company identification explained by model.

Table 3- Testing hypothesis 2

<table>
<thead>
<tr>
<th>Secondary hypotheses</th>
<th>Standard Coefficient</th>
<th>Standard Error</th>
<th>C.R. Critical ratio</th>
<th>p-value</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceptual Similarity Consumer from other customers --&gt; Consumer-Company Identification</td>
<td>H2</td>
<td>0/781</td>
<td>0/089</td>
<td>10/384</td>
<td>0.000</td>
</tr>
</tbody>
</table>

H3: Emotional attachment has a significant effect on consumer-company identification.

Results of Table 4 show that Emotional Attachment has a positive and significant effect on Consumer-Company identification with standard coefficient equal to 0.677. Thus, hypothesis three is confirmed. Coefficient of determination (R2) was calculated equal to 0.454 that shows about 45% of Consumer -Company identification are explained by model.

Table 4- Testing hypothesis 3

<table>
<thead>
<tr>
<th>Secondary hypotheses</th>
<th>Standard Coefficient</th>
<th>Standard Error</th>
<th>C.R. Critical ratio</th>
<th>p-value</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emotional Attachment --&gt; Consumer-Company Identification</td>
<td>H3</td>
<td>0/677</td>
<td>0/049</td>
<td>11/680</td>
<td>0.000</td>
</tr>
</tbody>
</table>

H4: Emotional attachment has a significant effect on corporate image.

Results of Table 5 show that Emotional Attachment has a positive and significant effect on Corporate Image with standard coefficient equal to 0.904. Thus, hypothesis four is confirmed. Coefficient of determination (R2) was calculated equal to 0.565 that shows about 57% of changes of corporate image are explained by model.
Table 5: Testing hypothesis 4

<table>
<thead>
<tr>
<th>Secondary hypotheses</th>
<th>Standard coefficient</th>
<th>Standard error</th>
<th>C.R. Critical ratio</th>
<th>p-value</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emotional Attachment ---&gt; Corporate Image</td>
<td>H4</td>
<td>0/904</td>
<td>0/054</td>
<td>12/886</td>
<td>0.000</td>
</tr>
</tbody>
</table>

H5: Consumer-company identification has a significant effect on corporate image. Results of Table 6 show that consumer-company identification has a positive and significant effect on corporate image with standard coefficient equal to 0.733. Thus, hypothesis five is confirmed. Coefficient of determination (R2) was calculated equal to 0.565 that shows about 57% of corporate image are explained by model.

Table 6: Testing hypothesis 5

<table>
<thead>
<tr>
<th>Secondary hypotheses</th>
<th>Standard coefficient</th>
<th>Standard error</th>
<th>C.R. Critical ratio</th>
<th>p-value</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer-Company Identification ---&gt; Corporate Image</td>
<td>H5</td>
<td>0/733</td>
<td>0/179</td>
<td>7/430</td>
<td>0.000</td>
</tr>
</tbody>
</table>

H6: Corporate image has a significant effect on behavioural loyalty. Results of Table 7 show that corporate image has a positive and significant effect on behavioural loyalty with standard coefficient equal to 0.800. Thus, hypothesis six is confirmed. Coefficient of determination (R2) was calculated equal to 0.370 that shows about 37% of behavioural loyalty are explained by model.

Table 7: Testing hypothesis 6

<table>
<thead>
<tr>
<th>Secondary hypotheses</th>
<th>Standard coefficient</th>
<th>Standard error</th>
<th>C.R. Critical ratio</th>
<th>p-value</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Image ---&gt; Behavioural Loyalty</td>
<td>H6</td>
<td>0/800</td>
<td>0/171</td>
<td>7/699</td>
<td>0.000</td>
</tr>
</tbody>
</table>

H7: Corporate image has a significant effect on purchase/repurchase intention. Results of Table 8 show that corporate image has a positive and significant effect on purchase/repurchase Intention with standard coefficient equal to 0.783. Thus, hypothesis seven is confirmed. Coefficient of determination (R2) was calculated equal to 0.285 that shows about 29% of purchase/repurchase intention are explained by model.
Table 8: Testing hypothesis 7

<table>
<thead>
<tr>
<th>Secondary hypotheses</th>
<th>Standard coefficient</th>
<th>Standard error</th>
<th>C.R. Critical ratio</th>
<th>p-value</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Image ---&gt; Purchase/Repurchase Intention</td>
<td>0/783</td>
<td>0/121</td>
<td>8/822</td>
<td>0.000</td>
<td>Is confirmed</td>
</tr>
</tbody>
</table>

H7: Corporate Image has a significant effect on customer extra-role behaviours.

Results of Table 9 show that Corporate Image has a positive and significant effect on customer extra-role behaviours with standard coefficient equal to 0.722. Thus, hypothesis eight is confirmed. Coefficient of determination (R2) was calculated equal to 0.136 that shows about 14% of extra-role behaviours explained by model.

Table 9: Testing hypothesis 8

<table>
<thead>
<tr>
<th>Secondary hypotheses</th>
<th>Standard coefficient</th>
<th>Standard error</th>
<th>C.R. Critical ratio</th>
<th>p-value</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Image ---&gt; Customer Extra-Role Behaviours</td>
<td>0/722</td>
<td>0/163</td>
<td>7/366</td>
<td>0.000</td>
<td>Is confirmed</td>
</tr>
</tbody>
</table>

Ranking of the indexes through Friedman test

Table 10: Ranking the indexes of model (n=165)

<table>
<thead>
<tr>
<th>Indexes</th>
<th>Mean of Friedman rank</th>
<th>Chi-Square</th>
<th>Significance level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceptual Similarity Consumer from other customers</td>
<td>5/23</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer-Company Identification</td>
<td>3/44</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Emotional Attachment</td>
<td>3/79</td>
<td>96/545</td>
<td>0/000</td>
</tr>
<tr>
<td>Corporate Image</td>
<td>3/86</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Behavioural Loyalty</td>
<td>3/80</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase/Repurchase Intention</td>
<td>4/51</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer Extra-Role Behaviours</td>
<td>3/36</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Given to Table 10, it is observed that significance level of Friedman test is less than error level 5% and thus it is concluded that there is a significant difference among the research indexes. Mean of Friedman rank shows that perceptual similarity consumer from other customers which
has the highest rank (5.23) has been the most important index from the viewpoint of respondents, then the second important index was purchase/repurchase intention with mean equal to 4.51. At the bottom of table customer extra-role behaviours with the lowest rank (3.36) has the least importance among the indexes.

Discussion and Conclusion
The findings of our study provide support for the discussion about the shift toward corporate-level marketing that was introduced by Balmer (1998, 2001). In general, it is found that consumers’ favourable evaluations of organisations as a whole (i.e. corporate image) have an impact on marketing performance indicators (i.e. purchase/repurchase intention, behavioural loyalty and customer extra-role behaviour).

This study’s findings demonstrate that when individuals perceive higher similarity with other customers of an organisation, they become emotionally attached to that company. The results also show that peoples’ emotional predisposition towards an organisation (i.e. emotional attachment) is positively related to the corporate image they hold about that company. This result can indicate that it is important for companies to create a general notion among the public about their companies as being respectful and trustworthy since this may serve as an emotionally appealing point for consumers to evaluate those organisations positively.

Overall, our study has drawn attention to corporate image formation whose dynamics have been slightly overlooked in corporate marketing area. The corporate-level view of marketing claims that corporate image formation is mainly based on constant evaluations of individuals about the corporate brand promise and their expectations (Balmer, 1998, 2001; Balmer and Greyser, 2006). However, our study shows that not only promise-expectation comparison is undertaken, but also, customer-to-customer engagement affects corporate image formation. Individuals do not only assess corporate identities on the basis of what they filter from what they hear or experience. They also tend to follow other customers that resemble themselves and the companies those consumers get involved with. In other words, by this study we stress that consumers’ repeated interactions with other customers are a source of corporate image evaluation and other customer effect is one of the underlying mechanisms that trigger outsiders to decode corporate brand promise and reach to overall impression about organisations.

The results of this study may provide actionable guidelines for practitioners in better managing customer-to-customer experiences and hence implications for corporate Marketing. Even though management of organisations may think that interactions among customers are beyond their control, a couple of areas can be focused on by managers. While segmenting and targeting customers, they should focus on similarities in areas such as age, life style, education etc. in order to have homogenous groups. They should also have/design customer relationship management tools, which will help them detect similarities among their customers. Furthermore, the findings of this study indicate that customers’ perceptions of other customers’ similarities encourage them to engage in emotional reactions towards organisations (i.e. emotional attachment and C-C identification). Organisations should try to find out which individuals are more sensitive to those emotional interactions. Such customers may show higher repurchase intention than others and hence show higher behavioural loyalty.
References


