

# The Predictors of Corporate Image in Direct selling Companies in Thailand

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**Abstract** The image of the direct selling company seems to be tarnished by frauds and internet scams in recent years. Thus, the purpose of this study is to examine the relationships of several predictors of corporate image in direct selling companies in Thailand. Six identified predictor variables are measured using past developed instruments (41 items) such as: brand architecture (6 items), Corporate social responsibility (7 items), internet marketing (7 items), trust (7 items), perceived value (7 items), and attitude (7 items) and corporate image (7-items) as the dependent variable. A total of 200 questionnaires were distributed and 180 was collected representing 90% response rate. After deletion of outliers, the final usable questionnaire is 165 which were analyzed using regression analysis. This study has established one significant predictor of corporate image (attitude) ( $\beta = 0.750$ ,  $t = 14.262$ , and  $p = 0.000 < 0.001$ ). It shows that attitude has significant positive relationship on corporate image. The model could explain 56.6 percent of variance in corporate image ( $F=36.665$ ,  $p=0.000<0.001$ ). This study concludes the findings with suggestion towards direct selling company.

**Keywords** Corporate Image, Direct Selling, Brand Architecture, Corporate Social Responsibility, Internet Marketing, Trust, Perceived Value, Attitude

## 1. Introduction

The direct selling industry in Thailand is linked with economic crimes, a dark danger that comes with an economy in recession; it can corrupt the nation's economy and affect the image of direct selling businesses. It comes in the form of pyramid schemes and internet frauds. From 2006 to 2008, the Department of Special Investigation (DSI) has reported 6,000 victims of these crimes, valued at more than 48.39 million (\$US). Although most of the victims do not report these crimes, there could be more than a hundred thousand people affected by these, representing financial losses of more than 1.61 billion (\$US).

The direct selling industry scams seems to focus on creating revenue for their network over income distribution and raise capital in a fraudulent manner. The potential for fraud arising from the rapid growth of internet companies, often with little economic substance and lacking traditional management. Direct selling representatives sell in an aggressive manner to reach consumer who buy at the premises of consumers. They often have no office or place of residence for selling; it was difficult to be supervised by the government. Including, using the internet to carry out their

schemes, fraudsters now have access to the consumers of the world as well as the potential to destroy the image. The result showed that consumers have a negative attitude towards network marketing and positive attitude is very low with direct selling[1][2]. The effect of negative attitude can affect in the long term and damage to corporate image of direct selling.

In direct selling, customers will be purchased a product based on separate favorites. Customers with various cultural backgrounds thus will evaluation impact their own consumption behaviors. There are many cases where customer had developed such negative perceptions as a direct consequence of the frustration experienced when direct selling representatives supplying them with their products quit and many consumers do not understand the system of direct selling that often has negative perceptions of direct selling organizations. The cause of the damageable corporate image of direct selling company by pyramid and internet fraud has not been investigated empirically[1][2]. The widespread importance of attitude for direct selling company corporate image has obtain more attention in recent years due to pyramid scheme and internet MLM fraud in direct selling companies that have made a negative attitude toward direct selling companies. Across the range of direct selling industries, technology is dramatically changing the product and service delivery process as it requires more staffs and customers to participant with technology based systems both of a substitute for or complement to face –to

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Published online at <http://journal.sapub.org/economics>

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–face selling interactions

## 2. The Predictors of Corporate Image

This study discusses framework based on the literature which has established six direct predictors (brand architecture, perceived value, CSR, internet marketing, trust, and attitude) effects to corporate image in direct selling companies in Thailand.

**Corporate image** is an intuitively appealing concept which is related to attitude[6]. The concept of corporate image is implicated to difference types such as perceived by consumers, community and stakeholders, also depending on consumers' purpose. Corporate image is a major process that affects to attitudes, perception and customer satisfaction because it can increase satisfaction and add value in mind during the consumption of products and services[9]. Corporate image is a resource which is most difficult to imitate, as a result of the extensive time period that is necessary for development. Corporate image generally conceptualized as the all impression of a company makes on its various stakeholders. Corporate image in widely terms that permit for some similarity between different stakeholders; repeat the difference between inside and outside of the strict form of relationship with the corporate image.

**Attitude** is a learned predisposition to behave in consistently favorable or unfavorable way with respect to a given object[3]. Attitude toward direct selling corporate image is an individual's overall influent reaction the usage of direct selling activities that the attitude toward corporate image model is especially suitable for measuring attitudes toward a corporate. Consumer attitudes can violent effect on corporate image[4], create competitive advantages for a company by stimulating consumer's purchase purpose. Attitude toward corporate can be customers' learned tendencies to evaluate corporate image in a consistently favorable or unfavorable way; that is, customers' evaluation of a particular corporate image on an overall basis from poor to excellent.

**Brand architecture** is the structure of the brand will have the same relationships with organization and must cover all relevant sections, and shall specify the petty differences of each section clearly for easy management that shows their contribution to a stronger link between marketing and strategy[8]. Brand architecture is the way companies organize, manage, and provide the market with their brands. Brand architecture is often exposed to the outside of the business strategy and must adhere to and business goals and objectives[10]. Despite the growing importance of brand in retailers and focus on optimizing assortments[7], a small number is known how customers perceptions and feelings about the brand architecture of direct selling. The impact of brand architecture on corporate image has not been conducted comprehensively in prior academic research. The perspective of consumers about brand architecture which

important that an organization must be applied properly. It is the tool used to communicate information within the enterprise culture to the general public or target group to recognize and understand correctly that is directly related to corporate image.

**Corporate Social Responsibility (CSR)** is committed to improving the business regardless of the existence of the community with diligence of the existing resources of the organization that also a widespread and very popular marketing tool that businesses used to create a corporate image, include direct selling industry. Concept of CSR refers to the organization's activities and commitments relating to the recognition of its respond to society or jointly with a stakeholder in its activities[4]. The CSR is a commitment function of moral, ethical and social responsibility which related between an organization and stakeholders. The CSR activities that help to build a corporate also signal a specific positioning for its resources and the quality of its products/services. Thus, they can influence consumer perceptions about the corporate image on offer.

**Perceived value** is an important predictor used to evaluate the effect on corporate image that significantly a basic influence on corporate image[12]. Many researchers have determined perceived value are thought that the positively impact on corporate image. The perceived value appoint to corporate image is project onto the direct selling company that support the corporation or brand, and thus a consumer's narrative that corporate is a choice in which the corporate image is considered. Customers will property the corporate image of the organization to such predictors as perceived value.

**Internet marketing** would assist the operations in the multi-level marketing company and direct selling company to expand the business to compete with the competitors, to expand the business to international market, and to provide the corporate image in the future. The adoption of internet marketing has been widely analyzed in various studies, and which has become more forceful manner to manage business. Internet marketing could be allocating actuations between organizations and customers which would typically require human contact and enhancing corporate image. The internet marketing was created to improve efficiency and integrity of the development of marketing activities; preparing all organizations, including direct selling companies, with opportunities that otherwise would may be unavailable to them[11].

Trust is significantly factors which should be communicated and transactional to sustain the corporate image. Several studies have determined trust that influence corporate image. The importance of initiating, building and maintaining trust between buyer and sellers as key facilitators of successful direct selling is increasingly being recognized in academic as well as in practitioner communities. Therefore, direct selling companies seek to build trust, reliability and create better awareness about their corporate image and trust has significant influence on

management and communication of corporate image[5]. The recently, direct selling appears as throw down the glove, arise from distribution of new technological and violence occur more in the competition of new channels for doing business. Consequently, researchers have been examined predictors that related customer purchasing decision in direct selling. The manner of corporate image and trust has mostly related.

### 3. Research Methodology

The study is a quantitative research methodology which empirical research design by collecting primary data to answer the research questions and to achieve the research objectives. It is conducted with data collected from the structured questionnaire with closed response questions using seven point rating Likert scales (1 = strongly disagree and 7 = strongly agree) was developed. Most of measurement have been utilized in this study are adapted from past established instruments. All measures achieved Cronbach alpha level beyond the recommended level of 0.60 passing the minimum requirement. Six identified predictor variables are measured using past developed instruments (41 items) such as: brand architecture (6 items), Corporate social responsibility (7 items), internet marketing (7 items), trust (7 items), perceived value (7 items), and attitude (7 items) and corporate image (7-items) as the dependent variable. The basis of the research framework discusses the reliability statistics and regression analysis between the predictor variables (brand architecture, perceived value, CSR, internet marketing, trust, and attitude) that are considered important to corporate image. Their selection is based on several factors.

### 4. Hypothesizes of the Study

This research proposed research framework based on the literature which has discussed the pertaining to well-know concepts and studies useful for developing this research model background. The research questions employed in the research questionnaire will be try to support all these hypotheses which are as follow;

H1: Brand architecture has a positive significant relationship with corporate image.

H2: Perceived value has a positive significant relationship with corporate image.

H3: Internet marketing has a positive significant relationship with corporate image.

H4: CSR has a positive significant relationship with corporate image.

H5: Trust has a positive significant relationship with corporate image.

H6: Attitude has a positive significant relationship with corporate image.

### 5. Results

A total of 200 questionnaires were distributed and 180 was collected representing 90% response rate. After deletion of outliers, the final usable questionnaire is 165 which were analyzed using regression analysis. The reliability of the pre-formulated questionnaire to determine the predictors of corporate image in direct selling company was tested through Cronbach's alpha. The result shows reliability index of each variable are higher than 0.7 which indicates acceptable reliability (Table 1). A common factor analysis with principal component factoring was conducted for testing the validity of the scale with varimax rotation. The Kaiser Meyer Olkin (KMO) or Measure of Sampling Adequacy (MSA) of indicates reading of 0.879 ( $>0.5$ ) is above the minimum requirement and Bartlett's Test of Sphericity stands at significant level of 0.000 ( $\text{sig} < 0.05$ ) thus, making the following factor analysis permissible (Table 2).

**Table 1.** Reliability Statistics

Variable	Number of items	Cronbach's alpha	Mean	SD
Corporate Image	7	0.857	4.405	1.131
Brand Architecture	6	0.753	4.589	1.172
CSR	7	0.903	4.339	1.215
Perceived Value	7	0.803	4.468	1.184
Internet Marketing	7	0.801	4.412	1.028
Trust	7	0.850	4.370	1.074
Attitude	7	0.795	4.243	1.124

**Table 2.** KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.879
Bartlett's Test of Sphericity	Approx. Chi-Square	6242.19
	df	9
	Sig.	.000

**Table 3.** Regression Analysis

Dependent Variable	Independent Variable	$\beta$	t	p	VIF
Corporate Image	(H1)Brand Architecture	0.004	0.064	0.949	1.334
	(H2)CSR	0.043	0.594	0.554	1.990
	(H3)Perceived Value	0.054	0.650	0.517	2.599
	(H4)Internet Marketing	0.057	0.692	0.490	2.563
	(H5)Trust	0.095	1.208	0.229	2.321
	(H6)Attitude	0.750	14.262	0.000*	1.047

Notes: \* $p < 0.001$ ;  $R^2 = 0.582$ ; Adjusted  $R^2 = 0.566$ ;  $F = 36.665$ ;  $n = 164$

The results indicate that predictors (IV) could interpret 56.6 percent of variance in corporate image ( $F = 36.665$ ,  $p = 0.000 < 0.001$ ). It was shown that H6 was supported which mean that attitude ( $\beta = 0.750$ ,  $t = 14.262$ , and  $p = 0.000 <$

0.001) has significant positive relationship with corporate image. Fortunately, H1-H5 were not supported, which represents that brand architecture ( $\beta = 0.004$ ,  $t = 0.064$ , and  $p = 0.949 > 0.001$ ), CSR ( $\beta = 0.043$ ,  $t = 0.594$ , and  $p = 0.554 > 0.001$ ), perceived value ( $\beta = 0.054$ ,  $t = 0.650$ , and  $p = 0.517 > 0.001$ ), internet marketing ( $\beta = 0.057$ ,  $t = 0.692$ , and  $p = 0.490 > 0.001$ ), and trust ( $\beta = 0.095$ ,  $t = 1.208$ , and  $p = 0.229 > 0.001$ ) are not significant related to attitude toward corporate image (Table 3).

## 6. Conclusions

This study attempts to examine the significant relationships between six predictors (brand architecture, CSR, internet marketing, trust, perceived value, and attitude) of corporate image in the direct selling sector. The result has shown attitude is direct significant relationships on corporate image. Similar past studies support these findings such as attitude to corporate image[6][7][8]. It shows that creating a good corporate image for the direct selling company to start building a positive attitude to consumers. Customer attitudes can violent effect on corporate image[4], create competitive advantages for a company by stimulating consumer's purchase purpose[4]. New contribution can give impetus improvement attitude in corporate image of direct selling that can be generating for handling competition and increasing the sales. Finally, the results can give impetus improvement in attitude toward corporate image of direct selling company and the predictors in the model will show evidence of its effect on consumer attitude toward corporate image.

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