**Examining the influence of corporate logo on corporate image and corporate reputation: A study of consumers' perception in the context of a financial setting in the United Kingdom**

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**A thesis submitted in fulfillment of the requirement for the degree of**

**Doctor of Philosophy in Marketing**

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# DEDICATION

This doctoral research is dedicated to my father, Dr. Mohammad Foroud Foroudi, my mother, Flora Mahdavi, and my brother, Mohammad Mahdi Foroudi, whose love and support for me is second to none.

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**Love you all**

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# AUTHOR'S DECLARATION

I, Pantea Foroudi, declare that the ideas, research work, analyses and conclusions reported in my PhD thesis *examining the influence of corporate logo on corporate image and corporate reputation: A study of consumers' perception in the context of a financial setting in the United Kingdom* are entirely my effort, except where otherwise acknowledged. Also, I certify that this thesis contains no material that has been submitted previously, in whole or in part, for the award of any other academic degree or diploma. Except where otherwise indicated, this thesis is my own work.

# ABSTRACT

This research is primarily concerned with extending the current knowledge of the corporate logo by developing a comprehensive conceptual model of its influence on corporate image and corporate reputation within the discipline of marketing.

By examining the conceptual model, this research challenges the claim that a corporate logo, as a company's 'signature', communicates corporate identity (Bromley, 2001; Van Riel *et al.,* 2001) and enables the company to build an image of the company in the consumer's mind (Henderson and Cote, 1998). Despite the significant and positive view of corporate logos as a communication tool, little systematic research has examined the effect of the components of logos on consumer evaluations of corporate logos (Henderson and Cote, 1998; Pittard *et al.,* 2007; Van der Lans *et al.,* 2009). Furthermore, too little study has been made of the relationship between the corporate logo, its dimensions, antecedents and consequences (Van Riel *et al.,* 2001).

This thesis adopts a mixed-method research design – a predominantly quantitative approach, which is supported by insights from an exploratory phase which encompasses in-depth interviews and focus group discussions. The research's conceptual model was developed on the basis of qualitative study and the existing literature. In the second phase, this conceptual model was used to examine consumers' perceptions of the influence of the corporate logo on corporate image and corporate reputation in the context of a financial setting in the UK. A sample of 332 respondents allowed multivariate analysis of the data to be undertaken. It used exploratory factor analysis (EFA), Cronbach-alpha and confirmatory factor analysis (CFA) to ensure that the scales developed and adapted were robust in terms of validity and reliability. Structural equation modelling (SEM) allowed the hypotheses between constructs to be examined. The model confirmed a good fit to the data, good convergent, discriminant and nomological validity and stable reliability.

Based on the statistical results, qualitative study (in-depth interviews and focus groups and the related literature, the current research found that, apart from colour, all the

antecedent factors (corporate name, design and typeface) impact favourably on the corporate logo. Furthermore, the relationship between the corporate logo and the consequences were evaluated; the results of the hypotheses testing demonstrate that that the corporate logo has greater impact on corporate image, attitude towards advertising, recognisability and familiarity. In addition, the relationship between corporate image and corporate reputation was confirmed. However, an unexpected outcome was that the relationship between attitudes towards advertising, recognisability and familiarity and corporate image were not significant. Overall, this study presents the corporate logo as a complex phenomenon.

This thesis is the first systematic research to have conceptualised and operationalised the concept of the corporate logo, its antecedents and its consequences. This examination is expected to be of value in advancing current knowledge by offering a threefold theoretical contribution to the literature as theory extension, the level of conceptualisation and measurement and theory testing and generalisation. In terms of methodology, this research used a multi-disciplinary approach to the corporate logo concept since a major contribution of this research aimed to provide a holistic perspective on the domains of marketing, corporate identity, corporate visual identity and the literature on corporate logos. Furthermore, it is hoped that this investigation will make a considerable managerial contribution to the understanding of decision-makers and graphic designers about the whole relationship between a favourable corporate logo, its antecedents and its main consequences. A clear understanding of the dimensions of the relevant concepts can help managers and designers to devise corporate logos which are more likely to advance a favourable corporate image and corporate reputation.

This study seeks to develop an understanding of the construct of the corporate logo and some of its antecedents and outcomes, although the findings are not without some limitations in the methods of sampling/analysis and measurement. Additional guidelines are presented in the hope of stimulating further investigations to incorporate the novel research directions in the study of the corporate logo and its antecedents and consequences.

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# CHAPTER I: INTRODUCTION

## 1.1. INTRODUCTION

This first chapter introduces the scope of the thesis and begins by discussing the research background and identifying the gaps in the literature. Section 1.2 presents the research background. Section 1.3 describes the statement of the research problem, where the gaps in the literature are identified. The emergence, development and changing uses of visual identity, from 1760 to the present day, are presented in Section 1.4. Section 1.5 explains the objectives of the research.    Then, the methodology that has been followed to answer the research questions and to test the proposed hypotheses is discussed in Section 1.6. Section 1.7 describes the significance of the study. The definitions of structures and the concept are outlined in Section 1.8. Finally, a general picture of the following chapters is drawn in Section 1.9.

## 1.2. RESEARCH BACKGROUND

Today's environment is more and more visually oriented. The corporate logo is a language that communicates to consumers, independent of verbal information (Van der Lans *et al.*, 2009). The importance of the logo, and particularly the role of corporate and brand logos in order to create a sustainable competitive advantage, have received the attention of marketing scholars (Balmer, 1995; Bernstein, 1984; Henderson and Cote, 1998; Van Riel *et al.,* 2001). A well-designed corporate logo will result in a sophisticated corporate image, secure the corporate reputation and ultimately increase profits.

The focus on logos in marketing has a long history. The 1970s can be regarded as the decade of the logo, when organisations began to introduce new logos (Anderson, 2000). The corporate logo communicates the quality, value and reliability of the company, and serves both the company and the needs of the consumer. The last decades have

witnessed an acceleration in the development of the business environment. As an organisation undergoes mergers and acquisitions, special attention is paid to corporate logos as a main element of corporate visual identity when building a new corporate identity (Van den Bosch *et al.,* 2006). This raises the question of: what is meant by 'corporate logo'?

A corporate logo is a graphic image; an image and type, or typography used to present a name (Dowling, 1994; Hagtvedt, 2011; Melewar and Saunders, 1999; Topalian, 1984) and identify a brand as well as a company (Bennett, 1995). The term 'logo' is a graphic element and the term 'logotype' is applied to a typographic element. The corporate logo is called by other names, such as 'iconograph', 'logotype', 'typeface', 'emblem', 'icon', 'symbol', 'trademark' and 'trade figure'. Graphic designers and practitioners have used the concept of the corporate logo to create a positive image in the minds of consumers and serve as a competitive advantage to enhance a firm's reputation (Olins, 1989). Wheeler (2003) acknowledges the four different types of logos: word-mark, letterform marks, pictorial brand-marks, and abstract brand-marks (p. 44). *The main focus of this study is the corporate logo, which is a company's name consistently used in a defined typeface with or without a border design to strengthen its appearance* (Rowden, 2000).

A *'logo'* can be defined as the signature of a company and expresses organisational characteristics (Van den Bosch *et al.,* 2005). The corporate logo concept embraces characteristics that allow a company or product to be distinguished from another (Bosch *et al.,* 2006; Henderon and Cote, 1998; Melewar, 2003; Schmitt and Simonson, 1997). A corporate logo increases a company's significance as a product and company differentiator; the logo selection or modification is a significant part of the process of corporate image formation (Kapferer, 1992; LeBlanc and Nguyen, 1996; Stuart, 1997). Assessing corporate image (how consumers respond to a company's identity) is significant, since a corporate logo is an aspect of daily life (Martinez, 2006) used to influence people's perceptions of a company (Balmer, 2001; Henderson and Cote, 1998; Van Riel and Balmer, 1997; Van Riel *et al.,* 2001).

Logos are ubiquitous in the marketplace, and the average consumer encounters a multitude on any given day (Hagtvedt, 2011). Businesses communicate about the company to increase its significance as a product differentiator (Hatch and Schultz,

2001; Henderson and Cote, 1998; Olins, 1989; Stuart, 1997; Van Riel *et al.,* 2001) through the elements of the corporate logo. The main elements that influence a corporate logo are 1) colour (Bottomley and Doyle, 2006), 2) typeface (Henderson *et al.,* 2004), 3) design and aesthetic appeal (Alessandri, 2001), and 4) corporate name (Leitch and Motion, 1999). So, why is the corporate logo imperative?

The corporate logo is the first and most crucial step in the process of building a company's visual identity (Melewar and Saunders, 1998). Developing a corporate visual identity (CVI) is a process of identification that reveals the organisation's corporate identity to represents the organisation's corporate identity in visual forms (Van den Bosch *et al.,* 2006). The creation of a corporate visual identity (e.g. Logo) is very costly and challenging for the organisation (Henderson and Cote, 1998) and managers make every effort to create a favourable corporate logo, which communicates the corporate identity in a reliable manner to the market (Van den Bosch *et al.,* 2005; Gray and Balmer, 1998; Hatch and Schultz, 2001; Van Riel *et al.,* 2001). According to Dacin and Brown (1986) organisation define people's attributions toward a corporate identity as how favourable an individual's overall impression is of that organsiation.

The corporate logo is the *"heart and soul of a company"* (Chajet and Shachtman (1991, p. 28). The notion of corporate logo is linked to the concept of corporate identity. Researchers (Balmer, 2001; Melewar and Akel, 2005; Van den Bosch *et al.,* 2006; Van Riel and Balmer, 1997) assert that the corporate logo is used as a corporate identity's roots, which affect people's judgements and behaviour (Van den Bosch *et al.,* 2006). Corporate identity is defined by Balmer *et al.* (2007) as: who is the company? (Actual identity); who do the company want to be? (Desired and ideal identity); how does the company communicate its identity? (Communicated identity); how is the company identity conceived by others? (Conceived identity); and, how is the company to understand identity as a holistic phenomenon? These four main themes are related to the internal/external nature of a corporation's identity (Balmer *et al.,* 2007). Therefore, there is increasing pressure on organisations to create their corporate logo based on the company's corporate identity and plan their communication strategies carefully.

## 1.3. STATEMENT OF RESEARCH PROBLEM

The creation of a corporate logo is an arduous task for companies as it is the first impression a consumer has of a company and it can come to encompass the entire corporate image. It is one potential path for managing the perceptions of a corporation among a company's stakeholders (Baker and Balmer, 1997; Henderson and Cote, 1998; Van Riel *et al.,* 2001). Marketing papers suggest the obvious possible benefits of promoting an unambiguous corporate and brand logo: audience will have a clear understanding of what the firm or product represents. Nonetheless, marketers provide consumers with a great deal of ambiguous information. The relevance of the corporate logo to companies is its communication of the desired message in order to create a profitable and unique position in the marketplace (Klink, 2003) as well as adds value to the reputation of an organisation (Anson, 1988; Green and Loveluck, 1994; Olins, 1989). Corporate logos are used as a company's signature (Henderson and Cote, 1998; Schmitt and Simonson, 1997; Melewar, 2003) to raise awareness, and help with identification, as well as being the signs of a promise to the customer (Johansson and Hirano, 1999; Kay, 2006) that helps differentiate the organisation from its competitors (Brachel, 1999; Melewar *et al.,* 2005; Schmitt, 1995).

A corporate logo impacts on a company's visual and verbal communications and has external influences (Childers and Jass, 2002) on companies' goals across global borders (Henderson and Cote, 1998; Henderson *et al.,* 2004). Consumers react favourably to products with logos because they expect marketing messages to convey useful information (Hagtvedt, 2011) and the meaning of pictures is processed faster than the meaning of words (Henderson and Cote, 1998). The favourability of consumers hold about the company and product is related to the audience's taste (Sen and Bhattacharya, 2001). "Logos are ubiquitous in the marketplace, and the average consumer encounters a multitude of them on any given day" (Hagtvedt, 2011, p. 86). According to scholars (Hagtvedt, 2011; Henderson and Cote, 1998), corporate logos are a significant asset to an organisation as the most visible reflection of a marketer's image.

The corporate logo is at the root of corporate identity (Balmer, 2001) to transmit the strategic, visual dimensions of a corporate identity to various audiences (Balmer, 1997; Bromley, 2001; Hatch and Schultz, 1997; Van Riel *et al.,* 2001; Van Riel and Balmer, 1997). Corporate logo is the main element of corporate visual identity (Balmer, 2001; Van den Bosch *et al.,* 2006) which used to condense the personality of a firm and its

values in order for it to be effectively presented to stakeholders (Bernstein, 1986; Kay, 2006; Van Heerden and Puth, 1995; Van Riel *et al.,* 2001). The favourability of a corporate logo appeals as the extent to which consumers positively regard the corporate logo. Companies make an effort to create an understanding of and familiarity with the product and company behind its favourable company's corporate logo (Bernstein, 1984; Dowling, 1986). For all these reason, organisations spend extensive time, research and money on developing a favourable logo that reflects the organisation's identity and helps to mould its image in a positive way (Napoles, 1988).

Most marketing scholars (e.g. Pittard *et al.,* 2007) have investigated how individual design elements such as colour, design, and proportion affect consumers' responses. It is a critical study and has a limited insight into word meaning. Furthermore, four studies (Henderson and Cote, 1998; Henderson *et al.,* 2004; Janiszewski and Meyvis, 2001; Van der Lans *et al.*, 2009) on logos empirically investigate and attempt to understand broader design characteristics. Lurie and Mason (2007) contribute to research on visual identity. Previous research has extensively documented that marketing literature has no systematic study on the effect of compound logos on consumer perception (Henderson and Cote, 1998; Pittard *et al.,* 2007; Van der Lans *et al.,* 2009).

By efficiently managing the corporate logo, organisations can orchestrate the desired unique features and communicate information about the company and product quality to its customers (Olins, 1986; Henderson and Cote, 1998; Melewar and Saunders, 1998), thereby gaining a competitive advantage. Therefore, the corporate logo can be the main tool for transmitting consistent images to a company's audience. There seems to be a common notion that uncertainty may somehow be useful, otherwise it would not be so frequently employed as a device in marketing communications (Henderson and Cote, 1998). However, what impact does the logo in turn have on consumer perceptions of the organisation? This is an effort to answer such a vital question, because it represents a gap in the marketing studies and in the understanding of how consumers interpret logos as a marketing tool (Hagtvedt, 2011).

Corporate logos are likely to promote long-term favourable corporate reputation. As a consequence, by creating favourable images, it can be assumed that the set of internal and external communicational properties of a logo will affect an individual's

understanding and interpretation of it (Van Riel *et al.,* 2001). Little is known about the relationship between a corporate logo, its dimensions, antecedents (graphic, referential) and consequences (Van der Lans *et al.,* 2009; Van Riel *et al.,* 2001). Therefore, the aim of this study is to explore the concept of the corporate logo. Another purpose is to examine the factors that influence a corporate logo's favourability (antecedents) and the consequences of the under-researched construct of the favourable corporate logo, with particular attention paid to favourable corporate image and favourable corporate reputation.

This current research will provide the most comprehensive and rigorous test to date of understanding the various elements that shape corporate logos and influence the attitude toward the firm for consumers. Little is known about how the use of the corporate logo concept has emerged, developed and changed. Thus, an attempt is made in this study to trace the development and use of the corporate logo, and how the use of this concept has changed over a 245-year period between 1760 and 2011.

## 1.4. THE EMERGENCE, DEVELOPMENT AND CHANGING USES OF VISUAL IDENTITY, 1760 TO DATE

In the years between 1760 and 1949, visual identification and distinctiveness were combined. The social revolution that occurred between 1760 and 1840 (West, 1978) gripped the west and was a radical process that historians refer to as an economic (Crafts and Harley, 1999; Deane, 1979; Floud and McCloskey, 1994) and social revolution (West, 1978). This period changed the ways in which the world produced its merchandise (Deane, 1979). The Industrial Revolution started in Great Britain (Vries, 1994) with significant technological advances, but socioeconomic (West, 1978) and cultural problems also resulted. Various industries such as chemicals, electricity, petroleum, and steel produced vast amounts of goods with the mechanisation of the manufacture of food and drink, clothing and transport, and even entertainment, and gramophone (Greenwood and Jovanovic, 1999). The comprehensive system for trademark protection was developed out of early forgery, counterfeiting, and fraud laws in 1905 in UK, nearly 50 years after its establishment in France. Civil protection was given against those who would use another's mark without authorisation.

The most crucial inventions for the communication of technology were the printing press and the 'endless web' paper-making machine; typography and its mechanisation; the wood type poster; the revolution in printing (Musson, 1958); the development of lithography; the battle of the signboard, and the rise of advertising design (Vries, 1994). In the seventeenth and eighteenth centuries, logos were used by factories to indicate the quality and origin of porcelain and furniture.

Consequently, cities grew rapidly as significant numbers of urban workers engaged in industrial labour, and political power shifted from the aristocracy to the capitalist manufacturing and working classes. High fertility rates (Clark, 2004), poor education, and low rates of productivity growth were the most significant characteristics of the Industrial Revolution (Becker *et al.*, 1990). In western European countries, landowners were the most powerful force and they invested in machines to enable mass production.

Subsequently, the most important consequences of the Industrial Revolution are understood to be: education and literacy (Clark, 2004). Moreover, the availability of design technology through the invention of typography; its mechanisation; the wood type poster; the revolution in printing; the development of lithography; the battle of the signboard and the overall increase in advertising design led to companies identifying themselves (Raizman, 2003). Graphic communication became more important with the beginning of mass communication. In the same era, the nature of visual information was such that using colour lithography brought about a significant transformation (Meggs and Purvis, 2006).

Pre-industrial society crossed a threshold of literacy adequate for industrialisation (Clark, 2004). There was an extraordinary population expansion in the pre-factory environment and the population in the UK increased by 60 percent between 1781 and 1800. However, the literacy rate was low during the Industrial Revolution. On the other hand, it is believed that there is no connection between economic growth and literacy (West, 1978). The national male illiteracy rate crossed the 60 percent threshold before 1750, whereas the female rate exceeded this around 1795 (West, 1978).

According to Laqueur (1974), who measured marriage register signatures in Britain during 1814-16, 48 percent of men, representing 17 percent of the population, were only able to sign their names. The low level of education was caused by the large-scale factories with workers employed from a young age. This was the start of real social dislocation (West, 1978). There was little relationship between changes in the literacy rates and changes in fertility rates (Clark, 2004). Although literacy rates increased noticeably, the skill premium remained constant in the period between 1600 and 1900.

After 1900, fertility rates fell and the labour market decreased significantly. At that time, education belonged to a specific class of people. Working-class parents did not invest in education for their children, thus the need to pay fees in most schools was an important barrier (Mokyr, 1985). For this reason, the majority of people were not able to read and write. The number of educated people was low and producers identified their goods and indicated the quality and origin of their products to the public using trademarks and logos (Murphy and Rowe, 1988). Merchants used 'production marks' in order to identify their work as distinct from inferior quality goods (West, 1978). This made goods instantly recognisable and memorable to all members of societies who could not read. It is widely thought that trademarks evolved in response to the emergence of a society in which goods circulated in commerce (West, 1978). The significance of corporate identity design was recognised during the Industrial Revolution as a pre-requisite to an organisation's success as various emerging corporations required trademarks to communicate the company's goals. The earliest trademarks, such as Kodak, Singer, Heinz and Coca Cola appeared in this time.

However, in spite of the growth in productive technology, and socioeconomic and cultural advancements, low levels of literacy among western people held sway. According to Bowman and Anderson (1963), levels of literacy fell during the Industrial Revolution and people slowly became more literate (West, 1978).

The first industrial design, made by Peter Behrens, an architecture and designer in the first decade of the twentieth century, was a grid system, which was used to structure space in his graphic designs (Anderson, 2000). The first comprehensive visual identity designed by Behrens was for the German manufacturer, Allgemeine Elektrizitäts Gesellschaft (AEG). This was a major event in his career and occurred in 1907. AEG

had grown into one of the world's largest manufacturing companies (Anderson, 2000). Walther Rathenau, a visionary industrialist, sensed the need for a unified visual character for the firm's products, environments and communications. Behrens began to focus upon the design needs of industry, with design responsibility ranging from stationery to buildings. Behrens was well known for his pioneering abilities and sensitive handling of materials and colour. Companies began to redesign their products to meet consumers' desires and product differentiation (Pine, 1993; Collins and Porras, 1994; Utterback, 1994).

In the same year, 1907, the German Association of Craftsmen (the *Deutscher Werkbund* in Munich) advocated a marriage of art with technology design in manufactured goods and architecture. A union of artists and craftsmen in industry would elevate the functional and aesthetic qualities of mass production, particularly in low-cost consumer products, and identify the individual artistic expression (Napoles, 1988). The AEG's graphic identity programme began to use its corporate logo in all types of advertising (Meggs, 1992).

The First World War (1914-1918) established the importance of visual design (Fiell and Fiell, 2003). Signs and symbols for military identification and the unique code of status that was immediately understood. The regimental badge with its heraldic device and its motto had much in common with the equally economical design and the lean, powerful images and slogans of the new posters. Consequently, the government created a visual identity to use as identification bedrock.

Another important event at this time was the influence of the Bauhaus School on corporate communication (packaging, the printed page, etc.). Walter Gropius founded the Bauhaus School in Germany in 1919. He joint knowledge of materials and craft techniques with modern industrial production methods. More schools followed his concept (Bayer *et al.,* 1938).

In 1940, with globalisation and new widespread communications (Murphy and Rowe, 1988), firms started to understand the urgent need for a visual identity to control their image (Meggs, 1992), merchants' trade symbols and logos, and used prototypes of

contemporary identity design (Napoles, 1988). The first design consultancy was called Lippincott and Margulies and was established in 1943.

The period between 1950 and 1979 marked a turning point in the profession when design was used both as a decoration, and as a powerful marketing and sales tool (Napoles, 1988). Many organisations tried to change their old corporate logos for new ones, as they understood that a new corporate logo could express the size and scale of the organisation, and turned to new categories of design professionals (Capitman, 1976). The trademark was used as a main feature of packaging to persuade the customer that the product had a company with a good reputation behind it (Capitman, 1976). The visionary behind the first IBM logo, Paul Rand in 1956, was convinced that image design would increase the company's strategy (Capitman, 1976). Anderson (2000) claims that the 1970s can be regarded as the decade of the logo, when organisations began to introduce new logos. This period was a combination of visual identification, distinctiveness and an imagery era.

After the 'imagery era', in the 1980s mass marketing dramatically increased the value and power of a logo, what a firm stood for, and how it communicated its identity, product and services in order to differentiate itself from others, communicating information about its value, reliability and origin. Visual identities appeared on everything from envelopes to storefronts, and were commonly used to identify ownership. The profession of identity design became legitimate when business people understood the connection between good design and sales. Murphy and Rowe (1988) state that a logo should allow consumers to make a decision when faced with choices and prove an endorsement. Nowadays, organisations use visual expressions to enhance recognisability and differentiate their product and organisations from their competitors (Bennett, 1995; Giberson and Hulland, 1994; Gupta *et al.,* 2008; Henderson and Cote, 1998; Zakia and Nadin, 1987). This marks the combination of 'visual identification, distinctiveness, imagery and value era'.

**Figure 1.1: The emergence, development and changing uses of visual identity, 1760 to date**

| 1760-1949 | 1950-1979 | 1980-Dates |
|---|---|---|
| Visual Identification Distinctiveness Era | Visual Identification Distinctiveness Imagery Era | Visual Identification Distinctiveness Imagery and Value Era |
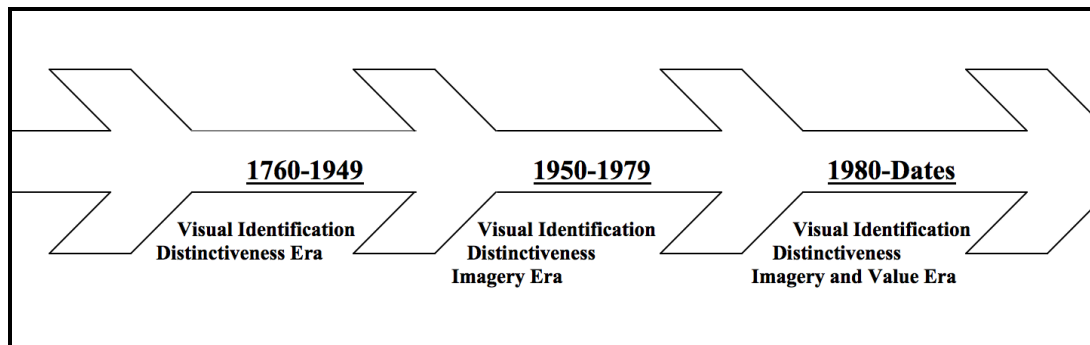
Source: The researcher

The history of the corporate logo, as shown above, is the main strategic concern for the achievement of a company. Research on the corporate logo shows that it is the centre of a business's projected image and reputation (Olins, 1986; Dowling, 1994; Melewar and Saunders, 1998). Moreover, a company's logo communicates with customers and enables them to build up a mental image of the company (Henderson and Cote, 1998). Organisations aim to present a positive image (Napoles, 1988), whether planned or not, and an image can offer success for an organisation (Gregory, 1999) and serve to distinguish one company from another (Ferrand and Pages, 1999). Gray and Smeltzer (1985) consider that all this results in the sum of the corporate image, which is communicated through public relations, advertisers, marketers, and designers, using images in their activities. Cornelissen (2000) emphasises that the image can be retained by the audience and described as a network of meanings stored in the memory from general impressions and expressions of the organisation (Stuart, 1997).

In summary, the evidence from earlier studies shows that the corporate logo serves as visual shorthand for communicating a message and promise to its consumers. A logo of a company can act as an indicator to consumers to help them recognise a manufacturer's products and services. Corporate logos can offer other benefits such as added value to a company, speedy recognition, reaching the consumer through the media clutter, enhancing the company's image and its position, and improving the firm's communication skills. Thus, it is essential to understand the corporate logo concept and its relationship with people's perception of a company (corporate image and corporate reputation).

## 1.5. RESEARCH OBJECTIVES AND RESEARCH QUESTIONS

Given the significance of the corporate logo and building upon the evidence discussed, it is useful to investigate further the concept in order to complement existing studies. This research attempts to answer the question asked made by Van Riel *et al.* (2001): What is the impact of specific antecedents of corporate logos on corporate image and corporate reputation data? (Research Question) (p. 439). This doctoral thesis attempts to uncover the influence of corporate logo on corporate image and corporate reputation.

This research investigates the corporate logo with four objectives, which address the general goals: first, it explores the concept of the corporate logo and its dimensions. Second, it identifies the factors that are most likely to have a significance influence on the favourable corporate logo (antecedents of the favourable corporate logo). Third, it develops and empirically assesses a conceptual framework concerning the relationships between favourable corporate logo, its antecedents and its consequences. Finally, it investigates the impact of the favourable corporate logo on favourable corporate image and favourable corporate reputation (consequences of the favourable corporate logo). Despite the potentially significant role of the favourable corporate logo as a company's signature and communication tools, little empirical research has examined how the favourable corporate logo should be selected and depicted to obtain specific communication objectives.

According to marketing literature there has been little systematic study on the effect of the compound logo on consumer evaluations of logos (e.g. Henderson and Cote, 1998; Pittard *et al.,* 2007; Van der Lans *et al.,* 2009). This research is one of the first attempts at collecting empirical evidence that seeks to prove that a favourable corporate logo influences a favourable corporate image and favourable corporate reputation. This study aims to explore consumers' perceptions and practices regarding the corporate logo and the main factors that influence corporate logo suitability at a consumer level. Furthermore, the study investigates the role of the favourable corporate logo on consumer perception. Based on the research objectives of this study, two overall research questions are:

Question 1: What are the factors that influence corporate logo favourability?

Question 2: What are the main influences of corporate logo favourability on favourable corporate image and favourable corporate reputation?

By achieving these objectives, it is expected that the investigation will add to current knowledge about the corporate logo and provide practical insights to managers and designers. In this section, research design and the method used in this research will be discussed.

## 1.6. RESEARCH DESIGN AND ANALYTICAL METHOD

The current research uses the two paradigms of positivism and idealism, which have gained popularity in marketing research in recent decades. This study takes a predominantly quantitative approach, but relies on some qualitative input from exploratory interviews (Chisnall, 1991; Churchill, 1979; Connel and Lowe, 1997; Palmer, 2011) and follow-up focus groups. Due to the relatively underdeveloped nature of this area of research (Van der Lans *et al.,* 2009; Van Riel *et al.,* 2001), a specific company need to be assessed (Ahearne *et al.,* 2005; Bhattacharya and Elsbach, 2002; Bhattacharya *et al.,* 1995; Dutton and Dukerich, 1991; Elsbach and Bhattacharya, 2001). Qualitative research incorporates information from interviews in order to: 1) obtain necessary information and further understanding about the phenomena; 2) refine and revise research hypotheses and conceptual framework; 3) purify measures for the questionnaire; and 4) increase the validity of findings as well as the richness of the conclusion (Baker, 1994; Churchill, 1979; Deshpande, 1983; Saunders *et al.,* 2007).

First, this study starts with an idealism paradigm, focusing on a qualitative method that is appropriate because there is a lack of understanding about the 'favourable corporate logo' and its relationship to favourable corporate image and favourable corporate reputation; these required defining in more depth (Saunders *et al.,* 2007). Therefore, this research adopts Churchill's (1979) paradigm, which integrates a qualitative paradigm to gather information in the first phase of the study by embarking on a survey. In order to test the instrument design and scale validity, after reviewing the literature, the researcher carried out in-depth interviews with key informants (i.e. design managers and communication managers), and focus group discussions with academics at Brunel

Business School (Gupta *et al.,* 2011). For data analysis, NVivo software was used to code and extract information from the interviews and focus groups data. Qualitative methods were utilised in combination with quantitative methods to examine a domain that is unknown or has received relatively little attention to date (Deshpande, 1983). Hence, quantitative methods were preferred for the next phase of the research.

The second phase of the current study uses a positivist paradigm (i.e. a quantitative method) to test the proposed hypotheses and their causal relationships and the scale validation. The scales were purified on the basis of the qualitative and quantitative assessment of the questionnaire. In order to satisfy the content validity of the measures, a number of academics were recruited to assess the items generated from the qualitative research. They focused on removing unnecessary measures in order to ensure that the items were representative of the scale's domain (Carmines and Zeller, 1979; De Vaus, 2002; DeVellis, 2003).

A self-administered questionnaire was distributed to gauge consumers' perceptions of the impact of the corporate logo on corporate image in the UK. A questionnaire with a seven-point Likert scales ranging from (1) strongly disagree, to (7) strongly agree, was used to provide satisfactory properties which related to the underlying distribution of responses (Bagozzi, 1994). This research examines the perceptions of HSBC consumers in the UK. HSBC Plc. was chosen based on the correspondents list of the most favourable UK company logos (Bhattacharya and Sen, 2003; Elsbach and Bhattacharya, 2001). Based on Interbrand and Times research in 2009, HSBC is in the top five companies recognisable by their corporate communication activity. Furthermore, in the middle of the global financial crisis, HSBC was one of the few firms to report a profit for 2009. Interbrand reported that HSBC is rated 32nd for strategic assets of value in Best Global Brands and is the largest UK-based global company in the world. HSBC Bank Plc. is the only one of Britain's big five banks to hold more deposits than loans. The survey has applied to individuals who live or study in the UK. 332 responses to the HSBC questionnaire were collected.

Descriptive statistics for the entire sample were carried out using the statistical package for social science (SPSS). Following Churchill's (1979) recommendations, exploratory factor analysis (EFA), a fundamental technique and coefficient alpha, were used in the

early stages of this research for scale validity (Aaker, 1997) to help reduce the numbers of observed research indicators (Chandon *et al.,* 1997; Hair *et al.,* 1998). To determine the quality of the measurement model and test the causal relationship between constructs, structural equation modeling (SEM) using Analysis of Moment Structure (AMOS) 16.0 was performed. Structure equation modelling (SEM) is a solid technique for modelling (Steenkamp and Baumgartner, 2000) and is the fundamental approach for theory testing in marketing (Fornell and Larcker, 1981).

A two-step approach was taken using the Anderson and Gerbing (1988) two-stage procedure. First, the confirmatory factor analysis (CFA) was conducted to allow a stricter assessment of construct uni-dimensionality; the examination of each subset of items was internally consistent and validated the constructs on the basis of the measurement models (Gerbing and Anderson, 1988). Following that step, the structural model fit was tested through goodness-of-fit indices and simultaneously estimated the paths between the constructs to assess the study hypotheses.

## 1.7. STATEMENT OF SIGNIFICANCE

This research attempts to add another strand of research to attempts at gaining a better understanding of the corporate logo concept. The results of this research extend to the issue of corporate logo management. Furthermore, this study makes considerable theoretical, methodological, and managerial contributions (see full details of this section in Chapter 8, Section 8.2 implications of research findings).

The empirical findings presented not only extend previous findings in logo-related research but also contribute to research on logo, marketing, corporate visual identity and visual communication literature. This research advances the existing view of corporate logo formation and possible outcomes. Bridging the gaps found in the literature is the key contribution of this research, i.e. *what are the factors that influence corporate logo favourability? What are the main influences of corporate logo favourability on corporate image and corporate reputation?* The literature gaps are summarised as follows:

(i)        There is lack of empirical research into how corporate logo might be defined.

(ii) Little is known about the relationship between the corporate logo, its dimensions, antecedents and consequences (Van Riel *et al.,* 2001).

(iii) Marketing literature has no systematic study on the effect of compound logos on consumer evaluations of logos (Henderson and Cote, 1998; Pittard *et al.,* 2007; Van der Lans *et al.,* 2009).

(iv) There is a lack of explanatory models and theory building studies in the area of corporate logo.

(v) The assumption of Van Riel *et al.* (2001) that corporate logo influences corporate image and corporate reputation has not been tested and validated yet.

This study shows the relevant mechanisms underlying the associations between corporate logo, corporate image, and corporate reputation in the UK context. Therefore, this research contributes to existing knowledge by extending findings in previous studies. For example, several researchers (Balmer and Gray, 2000; Van den Bosch *et al.,* 2005; Dowling, 1994; Fombrun and Van Riel, 2004; Olins, 1989; Van der Lans *et al.*, 2009) suggest that corporate logos are related to corporate image but they have rarely examined this relationship. Though during the course of this study, a recent study by authors (Clow and Baack, 2010; Muller *et al.*, 2011, Van der Lans *et al.,* 2009) investigated on logos but the studies were not conducted in relation to corporate image. Researchers (Henderson and Cote, 1998; Pittard *et al.,* 2007; Van der Lans *et al.,* 2009) results contribute to filling the gap of existing theory in this research field. The present thesis, therefore, extends past studies by examining the relationship between corporate logo, corporate image, and corporate reputation constructs.

The theoretical contributions of the current study to existing knowledge add alternative insights to corporate logo. This is the first empirical research to find the effect of the compound logo on consumer evaluations of logos (Henderson and Cote, 1998; Pittard *et al.,* 2007; Van der Lans *et al.,* 2009). The research is also able to help redefine and rekindle research into the area of the corporate logo. It thereby adds to the corporate

visual identity literature by developing and testing a scale that specifies the sphere of influence of the corporate logo. In addition to the scale developed for the corporate logo, this research used structural equation modeling (SEM) to test the relationships among the constructs and validate the conceptual model. This study, therefore, contributes to the extension and strengthening of the understanding of the corporate logo in order to strengthen the relationship between corporate logo and its antecedents and consequences (corporate image and corporate reputation).

Additionally, this study provides further understanding about the research constructs dimensionality and operationalisation of the research concepts from the perspective of consumers.

The theoretical contribution offers a threefold academic contribution: theory extension by empirical testing, verification of the conceptualisation, measurement of the constructs, and theory testing and generalisation.

In term of methodology, this research used a multi-disciplinary approach to the corporate logo concept as a main contribution of this study to provide a holistic perspective of the domain in corporate identity literature (e.g. Van Riel and Balmer, 1997). Multi-disciplinary approach was adopted in two phases:

(i) A qualitative approach.

(ii) A self-administered questionnaire to ensure more comprehensive data collection procedures, and then, structural equation modeling as a sophisticated data analysis technique was performed.

The research is thus also able to contribute to marketing theory. Corporate logos have received the attention of marketing authors (Balmer, 1995; Henderson and Cote, 1998; Van Riel *et al.*, 2001). The contribution is to grasp a broader view of corporate identity as well as marketing by investigating whether the incorporation of the corporate logo influences the image and reputation of a firm from the consumers' perspective. So far, this is one of the first studies to empirically validate the assumption made by researchers (Henderson and Cote, 1998; Pittard *et al.,* 2007; Van der Lans *et al.,* 2009; Van Riel *et*

*al.,* 2001) that the corporate logo has an impact on corporate image and corporate reputation.

In terms of managerial implications, the results of this research have a number of implications for managers. First and foremost, this study suggests that managers should understand that the corporate logo is a complex phenomenon since it is determined by multiple factors including corporate name, design, and typeface. It suggests that managers should be cautious about designing and selecting corporate logos.

There are differences between designers and managers' mindset, for instance, managers emphasising on words and designers emphasising on visuals (Walker, 1990). This study provides managers with insights into the implications of corporate logo. Managers and designers need to communicate in a common language from a similar point of view (Henderson *et al.,* 2003; Kohli *et al.,* 2002). Furthermore, it helps managers to collaborate with designers to mutual understanding of the concept to rich the market.

In addition, the study identified the critical factors needed to achieve a favourable corporate logo. Thus, the findings of this study are of utmost importance to decision-makers as they play a significant role in the development of an organisation with physical artefacts. Managers need to carefully orchestrate the corporate name as the main factor that contributes to a favourable corporate logo. The findings indicate that there is a direct relationship between the corporate logo and the attitude towards a company's advertisements, familiarity, and recognisability. Furthermore, there are implications for advertising and marketing managers: in order to survive there must be more awareness of the need for consistency in corporate communications to understand the attitudes, beliefs, impressions and associations held by customers and match them to the company's corporate identity. Future study should clarify whether the proposed approach for selecting a logo can be applied in similar with the fashion for selecting a brand logo. Moreover, managers should place more emphasis on the corporate logo as a signature of a company to influence a company's corporate image and corporate reputation.

## 1.8. DEFINITIONS OF CONSTRUCTS AND CONCEPTS

**Corporate logo** is the signature of a company with an essential communication, distinctiveness, which can reflect a company's image (Henderson and Cote, 1998; Melewar, 2003; Melewar and Saunders, 1999; Schmitt and Simonson, 1997).

**Trademark** is a letter or combination of letters, pictorial sign, or non-graphic – even non-visual – sign, or any combination of these (Mollerup, 1999, p. 96).

**Icon** is a picture to be communicated to people (Mollerup, 1999).

**Symbol** is a pictorial sign with no letter or combination of letters (Mollerup, 1999).

**Typeface** is the visual perceptual property of a company, which is the art, or skill of designing communication by means of the printed word (Childers and Jass, 2002; Henderson et al., 2004; Hutton, 1987; McCarthy and Mothersbaugh, 2002; Pan and Schmitt, 1996; Tantillo *et al.,* 1995).

**Corporate name** is the most pervasive element in corporate and brand communications that identifies a company and increases recognition speed (Henderson and Cote, 1998; Kohli *et al.,* 2002; Schechter, 1993).

**Colour** is a medium of communication and is an integral element of corporate and marketing communications, which induces emotions and moods, impacts on consumers' perceptions and behaviour, and helps organisations position or differentiate themselves from competitors (Aslam, 2006; Tavassoli, 2001).

**Design** is a creative process that conveys a message or creates effective communications for companies (Andriopoulos and Gotsi, 2001).

**Corporate image** is the immediate mental picture an individual holds of the organisation. It can materially affect individuals' sense of association with an organisation and is likely to have an impact on behaviour (Balmer *et al.,* 2011; Karaosmanoglu *et al.,* 2011).

**Corporate reputation** endowed with a judgment and is the overall evaluation of a company over time (Gotsi and Wilson, 2001; Herbig and Milewicz, 1994).

**Corporate identity** is what the organisation is in terms of an entity's distinctive and defining traits (Balmer, 2011; Balmer *et al.,* 2007; Van Riel and Balmer, 1997).

**Corporate visual identity** is an assembly of visual cues by which people can recognise the company and distinguish it from others (Abratt, 1989; Melewar, 2003; Melewar and Saunders, 1998 and 1999).

**Attitude towards advertisment** is an enduring feeling towards and evaluative judgment of an advertisement after an individual sees the message content embedded within it (Shimp, 2000).

**Familiarity** with company and product refers to how familiar a consumer is with a given product category (Josiassen *et al.,* 2008).

**Recognisability** is the identification of something that has been seen previously and comes back to mind when it is seen it again (Clow and Baack, 2007).


## 1.9. ORGANISATION OF THIS THESIS

This thesis is organised into seven chapters (see Figure 1) along with appendices and references. The thesis is structured as follows:

**Chapter I. Introduction**
The first chapter discusses the importance, the aims, and the method and the methodology that are adopted. It continues by presenting the contribution of the study.

**Chapter II. Literature review**
This chapter is concerned with the relevant literature pertaining to the corporate logo studies from different research perspectives. Studies on antecedents and consequences are then presented.

**Chapter III. Conceptual framework and research hypotheses**

Here the conceptual model of the research is described and the development of hypotheses is explained.

**Chapter IV. Methodology and research design**

Research methodology and data analysis techniques employed in the research are discussed. The data analysis techniques and the statistical packages underlying the assumptions are highlighted and explained.

**Chapter V. The qualitative findings**

This reports the findings of the qualitative research.

**Chapter VI. Data analysis**

This identifies the outcomes of the quantitative data and the outcomes of the scale development and purification are presented.

**Chapter VII. Discussion**

Findings from both the qualitative and quantitative studies are presented in this chapter. The various steps and procedures associated with the data analysis are discussed in detail. The results of scale reliability and validity testing are presented next.

**Chapter VIII. Conclusions**

An overall summary of the results of this study is presented. The importance of the findings and the implications are addressed along with the limitations of this study. It suggests directions for future research based primarily on the research findings. The appendices and the references follow.

**Table 1.2: Structural overview of this Thesis**

| Chapter I | **INTRODUCTION** | |
|---|---|---|
| | 1.1. | Introduction |
| | 1.2. | Research background |
| | 1.3. | Statement of research problem |
| | 1.4. | The emergence, development and changing uses of visual identity, 1760 to date |
| | 1.5. | The research objectives |
| | 1.6. | Research design and analytical method |
| | 1.7. | Statement of significance |
| | 1.8. | Definitions of constructs and concepts |
| | 1.9. | Organisation of this thesis |

| Chapter II | **LITERATURE REVIEW** | |
|---|---|---|
| | 2.1. | Introduction |
| | 2.2. | Paradigms in corporate logo and corporate image studies |
| | 2.3. | Defining the corporate logo concept |
| | 2.4. | Defining the elements of corporate logo |
| | 2.5. | Defining the corporate image concept |
| | 2.6. | Defining the corporate reputation concept |
| | 2.7. | Summary |

| Chapter III | **CONCEPTUAL FRAMEWORK AND RESEARCH HYPOTHESES** | |
|---|---|---|
| | 3.1. | Introduction |
| | 3.2. | Research framework and hypotheses' development |
| | 3.3 | The corporate logo and its elements |
| | 3.4. | Benefits of corporate logo (consequences) |
| | 3.5. | Summary |

| Chapter IV | **METHODOLOGY AND RESEARCH DESIGN** | |
|---|---|---|
| | 4.1. | Introduction |
| | 4.2. | Justification of the research methodology |
| | 4.3. | Selection of research approach |
| | 4.4. | The first phase (qualitative fieldwork) |
| | 4.5. | The second phase (Research instrument and scale development) |
| | 4.6. | Main survey |
| | 4.7. | Questionnaire design |
| | 4.8. | Data analysis techniques and statistical packages |
| | 4.9. | Ethics consideration |
| | 4.10. | Summary |

**Chapter V**

> ## THE QUALITATIVE FINDINGS
>
> 5.1.     Introduction
> 5.2.     Results of the qualitative study
> 5.3.     Summary

**Chapter VI**

> ## DATA ANALYSIS
>
> 6.1.     Introduction
> 6.2.     Main surveys
> 6.3.     Assessment of normality, outliners, linearity, and multi-collinearity
> 6.4.     Non-response biasness
> 6.5.     Factor loading and data analysis
> 6.6.     Structural evaluation of the model
> 6.7     Summary

**Chapter VII**

> ## DISCUSSION
>
> 7.1.     Introduction
> 7.2.     Overview of study
> 7.3.     Corporate logo construct (focal construct)
> 7.4.     Appraisal of the results
> 7.5.     Discussion of the hypotheses tests
> 7.6.     Summary

**Chapter VIII**

> ## CONCLUSION AND IMPLICATION
>
> 8.1.     Introduction
> 8.2.     Implications of research findings
> 8.3.     Research limitation and future research
> 8.4.     Summary

# CHAPTER II: LITERATURE REVIEW

## 2.1. INTRODUCTION

Research into the corporate logo and corporate image expressed that a favourable corporate logo has desirable organisational outcomes such as increased visibility and recognisable products and services for its company's internal and external stakeholders (Balmer and Gray, 2000; Van den Bosch *et al.,* 2005; Dowling, 1994; Fombrun and Van Riel, 2004; Olins, 1989). Corporate logos are used to raise awareness, and help with identification, as well as being the signs of a promise to the customer (Johansson and Hirano, 1999; Kay, 2006) that helps differentiate the organisation from its competitors (Brachel, 1999; Melewar *et al.,* 2005; Schmitt, 1995). Furthermore, a corporate logo communicates a company's identity (Bromley, 2001; Van Riel *et al.,* 2001) and projects the corporate personality (Bernstein, 1986; Kay, 2006; Van Heerden and Puth, 1995).

Reviewing the literature helps for the following reasons: 1) it illustrates a clear understanding of the research topic, 2) it recognises the main literature in the research area, 3) it identifies the different views on the research topic, 4) it presents a clear and suitable conclusions, 5) it clearly states a research problem, 6) it proposes a way to investigate the research problem (Churchill, 1979; Gupta *et al.,* 2010; Melewar, 2001), and 7) it demonstrates the relevance and significance of the research problem (Hart, 1998, p. 198). An extensive review of the literature is required to answer the study question developed and presented in the introductory chapter of this thesis.

Accordingly, this chapter reviews the range of literature as a critical analysis of marketing management research and shows that the current state of the research is understood and supports the conceptual model (theories, models, concepts and hypotheses). Corporate identity studies recognise five main disciplines: graphic design, integrated-communication, organisational studies, marketing, and multi-disciplinary approaches (Balmer, 1995, 1998, 2001; Simoes *et al.,* 2005; Van Riel and Balmer,

1997). Section 2.2 overviews the five main paradigms. A definition of the corporate logo concept is derived in Section 2.3. The definitions of the elements of the corporate logo are outlined in Section 2.4. The definition of the concept of corporate image and corporate reputation are outlined in Section 2.5 and Section 2.6. Finally, summary of this chapter are presented in Section 2.7.

## 2.2. PARADIGMS IN CORPORATE LOGO AND CORPORATE IMAGE STUDIES

Logo design is becoming more and more important as a means of differentiation for companies to distinguish themselves from their competitors. It has attracted the attention of practitioners and academics since 1760 (Haase and Theios, 1996). However, the literature on the concept of the corporate image was developed in the 1950s by various scholars and practitioners who emphasised the importance of the concepts (Balmer, 2001; Balmer and Greyser, 2006; Kennedy, 1977). A corporate logo enables the company to build an image of the company in the people's minds (Henderson and Cote, 1998), which adds value to the reputation of an organisation (Anson, 1988; Green and Loveluck, 1994; Olins, 1989). "Logos are ubiquitous in the marketplace, and the average consumer encounters a multitude of them on any given day" (Hagtvedt, 2011, p. 86). Organisations spend extensive time, research and money on developing a logo that reflects the organisation's identity and helps to mould its image in a positive way (Napoles, 1988).

The corporate logo is the first impression a consumer has of a company and it can come to encompass the entire corporate image. According to researchers (Henderson and Cote, 1998; Van Riel *et al.,* 2001), the corporate logo is significant for decision-makers who monitor developments as well as anticipate possible influences and can develop or adapt a favourable corporate logo in order to gain competitive advantage (Melewar and Saunders, 1998). Decision-makers should aim to increase favourable attitude towards the organisation by designing a favourable communication activities (Dacin and Brown, 2002).

The notion of corporate logo is grounded in various subject domains. For a long time,

the corporate logo (as a root of corporate visual identity) had been used interchangeably with corporate image and corporate identity (e.g. Bernstein, 1986; Margulies, 1977; Olins, 1978, 1989; Schmitt and Simonson, 1997; Selame and Selame, 1975; Van Riel and Balmer, 1997). Corporate identity communicates to consumers' mind through different channels (Gray and Balmer, 1998). In other words, when consumers have positive attitudes towards a corporate logo, they have more favourable image about the company. Companies also use rituals and logos to engender positive identification with the corporation (Balmer, 2008).

This statement is based on the attribution theory (Graham, 1991; Weiner, 1992). Social psychologists (Jones *et al.,* 1972; Weiner, 1986) developed the attribution theory to understand how people make sense of their world. Attribution theory is "referring to the perception or inference of cause" (Kelley and Michela, 1980, p. 458) and how individuals succeed or fail at dynamic interactions, what causes inferences they make about the particular behaviours (Kelley and Michela, 1980). Attribution theory has been applied extensively in marketing and consumer behaviour studies (Folkes, 1984; Mizersky *et al.,* 1979). It has been used to give explanation of consumers' decision-making process (Mizersky *et al.,* 1979). Attribution method determines consumers' likelihood of satisfaction, cognitive, emotional, and behaviour (Weiner, 2000). Furthermore, the favourability of the image consumers hold about an organisation impact on their attitudes and behaviours (Sen and Bhattacharya, 2001). This study applies attribution theory on corporate logo studies.

In the literature, it has been discussed that the corporate logo can be the major tool for transmitting consistent images to a company's audience (Olins, 1986; Henderson and Cote, 1998; Melewar and Saunders, 1998). Attribution theory states that an individuals' perception about the failure or success of another person can be attributed to another individual's behaviour (Weiner, 1986). This argument supports that companies' logos can promote long-term favourable corporate image and cororate reputation and the set of internal and external communicational properties of a logo can influence on individual's understanding and interpretation of it (Van Riel *et al.,* 2001). An attribute that is perceived as satisfying can be regarded as favourable and can be resulted in a more positive attitude toward the company's logo. An original attributes result to a customer's tendency to react favourably toward a company. Drawing on this

conclusion, the research streams evaluate and present an inclusive overview regarding the paradigms in these fields.

The review of the literature on the understanding of the corporate logo as a root of corporate identity and its relationships to corporate image and corporate reputation are the focus of this chapter. Five core disciplines that have contributed to the evolution and study of corporate identity (CI) are: *graphic design, integrated-communication, organisational studies, marketing,* and *multi-disciplinary* approaches (Balmer, 1995, 1998, 2001; Simoes *et al.,* 2005; Van Riel and Balmer, 1997) which discuss in detail and present (a holistic) view of the dimensions of the corporate logo construct.

### 2.2.1. Graphic design/visual paradigm

Graphic design is a tangible aspect of an organisation, which is widely accepted, and an objectively specified dimension in the early literature (Margulies, 1977). Graphic designers' view of corporate identity relates to the effective use of a corporate logo/trademark (Balmer, 2009). Corporate identity is the ways in which an organisation chooses to identify itself to people, especially through corporate visual identity (Balmer, 2009). Early references to logo, identity, image and reputation focused on visual identification and were studied by practitioners in relation to the effect of design elements until the 1980s, where they became the graphic design features of organisations (Balmer, 1995, 1998; Bernstein, 1986; Carter, 1982; Henrion and Parkin, 1967; Olins, 1991; Pilditch, 1970; Simoes *et al.,* 2005; Van Riel, 1995). According to Dowling (1993), corporate visual and verbal elements are used to contribute to the corporate identity, corporate image, and corporate reputation; they may even reaffirm trust in the organisation. Corporate visual identity is the main part of the corporate identity that a company can use to project its prestige, quality, and style to stakeholders (Melewar and Saunders, 1999). Moreover, corporate visual identity is a vehicle to shape a company with a modern touch and companies use a graphic language to specify their modernity (Henderson and Cote, 1998; Martinez, 2006).

From this perspective, symbolism is used by an organsiation in logos, stationery, and house style. Visual identity is the 'face' of the company (Topalian, 1984) and, according to visual/graphic design school authors, the corporate logo is the 'signature'

of the company (e.g. Carter, 1975, 1976; Henderson and Cote, 1998; Henrion and Parkin, 1967; Margulies, 1977; Melewar, 2003; Olins, 1978, Pilditch, 1970; Selame and Selarne, 1975; Schmitt and Simonson, 1997). The corporate logo brings visibility to a company and helps to communicate with integrated communications (Balmer, 2001; Van Riel and Balmer, 1997). The corporate logo aims to enhance consistency across all possible forms of an organisation's physical identification in order to develop a favourable corporate image (Balmer, 2001; Van Riel and Balmer, 1997) as well as serving as a competitive advantage to enhance a company's reputation (Olins, 1989). The following quotation from Balmer (2001) summarises the scope of this perspective.

> Corporate visual identity "would be perverse to suggest that visually impaired customers, employees or investors are unable to recognise, differentiate between or form opinions of organisations. Upon reflection it becomes apparent that the non-visual senses can be just as powerful in communicating the identity of a collective group" (p. 267).

According to Henrion and Parkin (1967), "the people of these groups build up their idea of the corporation from what they see and experience of it" (p. 7). Experience has been defined by Ha (2005) as "displaying a relatively high degree of familiarity with a certain subject area, which is obtained through some type of exposure" (p. 440). Park and Lessing (1981). The two main approaches to operationalise and measure the product familiarity are 1) "in terms of how much a person knows about the product", 2) "to measure familiarity in terms of how much a person thinks she/he knows about the product" (Park and Lessing, 1981, p. 223). A corporate logo as a product should be carefully constructed in order to be effective and communicate something of the character of corporations as well as increase familiarity towards brand and company. Consumers are unfamiliar with an advertised product/brand, they lack prior knowledge on which to base attitudes toward the product/brand (Campbell and Keller, 2003).

 The corporate logo is the official graphical design for a company and the uniqueness of the design requires significant creativity, which must match a firm's strategy: it should be unique and creative in its design. When the strategy is recognised, the corporate visual identity makes the organisation memorable and well-known through its corporate logos (Van Riel *et al.,* 2001). In addition, a good design can engage an

audience by asking them to visually interrelate with the logo. In order to create a new corporate visual identity and changes in the logo, organisations have to invest large amounts of money.

Corporate logos transmit the strategic, visual dimensions of a corporate identity to various audiences (Balmer, 1997; Hatch and Schultz, 1997; Van Riel and Balmer, 1997). For instance, McDonalds uses a set of corporate visual identity (CVI) elements, including the well-designed golden arches and clown, which is coherent, and convey the same message. According to DeChernatony (2001), designers need to understand that logos should inform their decisions about design elements, colours and typefaces. Furthermore, the fastest-growing segment in advertising is corporate giveaways (e.g. T-shirt) that often feature nothing more than the company logo (Klink, 2003). Advertising helps firms to develop strategic positions to differentiate them from their competitors and creates goodwill from consumers and stakeholders. Likable advertising "has an impact on persuasion because a likable commercial affects the emotional component of our attitudes towards the brand" (Biel and Bridgewater, 1990, p. 38). Van den Bosch *et al.* (2004) divide the corporate visual identity into three distinct levels: the strategic, the operational, and the design level. All these levels have a methodological component. These three levels need to be managed carefully to add real value to the company:

1) *The strategic level* concentrates on the aims organisations have for their visual identity. This level refers to the strategic goals and objectives that organisations have in regard to their visual identity system. It assists companies with understanding how to distinguish themselves; academic literature addresses it as the corporate branding strategy (Olins, 1989). Various methods have been developed to explore the corporate identity of organisations (Van Rekom and Van Riel, 2000; Van Riel, 1995; Van Riel and Balmer, 1997).

2) *The operational level,* which is the less visible component of the corporate visual identity management system, focuses on the development and management of corporate visual identity systems and how an organisation translates its strategic objectives into a consistent, coherent, and effective visual self-presentation. Integration and alignment with the overall corporate strategy in order to monitor any changes in

the internal and external environment to optimise the perceived corporate identity is the focus of this level.

3) *The design level* concentrates on the effectiveness and functionality of specific elements of a corporate visual identity to create and maintain the visual identity of the organisation. This is the area in which graphic design companies and corporate identity organisations are most active as they are most familiar with this area.

According to Melewar and Saunders (2000), an integrated approach to corporate visual identity will have a positive effect on the profitability of the organisation. As the corporate logo can also help clarify the organisational structure, Olins (1978) identified three main types of visual identity structures: monolithic (the organisation applies one logo that is placed on all stationery and vehicles to present the corporate visual identity); endorsed (the organisation applies different logos, which are visually connected to each other and placed on advertisements, brochures and websites); and branded (the organisation has different logos that may be unrelated to each other or the company). Van Riel and Balmer (1997) state that Olins' observation was used by organisations to shape the companies' strategy, branding and communications policies.

The role of "symbolism is now assigned a greater role and has grown from its original purpose of increasing organisational visibility to a position where it is seen as having a role in communicating corporate strategy" (Van Riel and Balmer, 1997, p. 340). In this vein, Melewar and Saunders (1998) state that corporate visual identity systems are an essential element of an organisation's projected image in a global context. Melewar and Saunders (2000) investigated the effectiveness of corporate visual identity, projecting the identity of British multinationals along with subsidiaries in Malaysia. Standardising the corporate visual identity has a positive effect on customers' awareness of recruitment, advertising, and their familiarity with the company and its services, products, sales, goodwill, market share, as well as the receptivity of the local community to its operations in those specific areas (Melewar and Saunders, 1998).

A significant study of corporate logos was carried out by Henderson and Cote (1998) that, by attempting to understand broader design characteristics, uncovered three basic design dimensions: naturalness, elaborateness and harmony. It studied their impact on

measures of effect, meaning and high or low recognisability. 'Elaborateness' refers to a design's richness and its ability to capture the essence of an object with some degree of complexity, activity and depth that appears to increase the effect. Harmonious logos refer to the congruency of the patterns and a design with symmetry and balance to enhance the effect. A logo with a familiar meaning improves recognisability. Natural designs depict common objects and should not be as detailed as a photographic image. The design characteristics, such as natural, representativeness, organic, elaborate, complexity, active, depth, harmony, symmetrical, balance, parallel, proportion and repetition, are essential for designing logos, and influencing consumers' responses towards the logo, and the degree of recognition, clear meaning, subject familiarity, and effect.

Some research examined the design elements and their associative power (Gabrielsen *et al.*, 2000). The results showed that people have the ability to distinguish between different design elements, which were found by attaching meanings to colours. Van Riel *et al.* (2001) studied the added value of corporate logos. The empirical findings show that people attribute different associations to each logo. "After the launch of the new logo, embedded within a nation-wide advertising campaign, the positive associations increased and the negative evaluations decreased" (Van Riel *et al.*, 2001, p. 428).

Janiszewski and Meyvis (2001) researched the effects of brand logo repetition, complexity, and spacing on processing fluency and judgment. They found that "repeated exposure to an advertisement can influence liking for an advertisement and for the brand names and product packages included in the advertisement" (p. 18). Wheeler (2003) identified eight criteria for design a favourable logo as follows: 1) it makes a bold, memorable, and truly appropriate impression of their company, 2) it is "immediately recognisable", 3) it "provide[s] a clear and consistent image of the company" (p. 14), 4) it "communicate[s] the company's persona", 5) it must "be legally protectable", 6) it has "enduring value", 7) it "work[s] well across media and scale", and 8) "it must work both in black and white and in colour" (p. 14).

The study of logo designs has been replicated and extended by Henderson *et al.* (2003), who evaluate the relationship between logo design and responses in China and

Singapore. Firms are encouraged to influence design to strengthen their brands. Feng shui is integrated as a measure for assessing logos. There were many relationships between the findings of the study, as carried out in the United Sates (Henderson and Cote, 1998), and visual aspects of brand strategies that may achieve companies' goals across global borders. Henderson *et al.* (2004) studied typeface and developed four measures and guidelines to help managers select typefaces that added value to consumers' impressions. They discussed the potential trade-offs among the impressions created by a typeface, such as engaging, pleasing, reassuring and prominent, and they researched the effect of elaborate, harmonious, flourished, weighted, compressed and natural typefaces.

In further categorisations of logos, Pittard *et al.* (2007) studied aesthetic theory and logo design, examining consumer response to proportion across cultures. They found that "there is a universal preference for the divine proportion across cultures. Logos based on forms found in nature that were expressed in the divine proportion were the most preferred" (p. 457). Hynes *et al.* (2009) create the "triadic relationship between colour, design and the evoked meanings of logos to understand how these contribute to building a consistent corporate image" (p. 455). The findings illustrated that the dynamics of the triangle of meaning, colour, and corporate identity are complex and difficult to separate (Hynes *et al.*, 2009).

Marketing scholars have examined how individual design elements such as colour and symmetry affect consumers' reactions (Van der Lans *et al.,* 2009). Van der Lans *et al.* (2009) evaluated cross-national logos and they suggested that cross-national clusters respond differently to the dimensions of logo design. Furthermore, "the dimensions underlying design are found to be similar across countries" (p. 968). They suggested that elaborateness, naturalness, and harmony are universal design dimensions. "Responses (affect, shared meaning, subjective familiarity, and true and false recognition) to logo design dimensions (elaborateness, naturalness, and harmony) and elements (repetition, proportion, and parallelism) are also relatively consistent" (Van der Lans *et al.,* 2009, p. 968).

Previous studies that have examined the influence of incomplete typeface logos on consumer perceptions of the firm show that an incomplete typeface logo has an

unfavourable influence on perceived firm trustworthiness and are tied to the logo's perceived clarity. Moreover, the incomplete typeface logos have a favourable influence on perceived firm innovativeness and the influence is tied to its perceived interest. In addition, the incomplete typeface logos have an unfavourable influence on overall attitude toward the firm (Hagtvedt, 2011). Muller *et al.* (2011) studied the effects of visual rejuvenation through brand logos. The results show how logo redesign affects the perception of brand modernity. Certain logo characteristics explain logo attitude and demonstrate the effects on brand modernity, brand attitude, and finally, brand loyalty.

This perspective embraces the management of features such as corporate name, corporate logo, and so on. Corporate visual identity can be the 'face of the organisation' that transmits the company image to a company's stakeholders. The following section reviews the perspective of integrated-communication studies when approaching the corporate logo concept.

### 2.2.2. Integrated-communication paradigm

The integrated-communication paradigm has been a concern "within the marketing, communications and public relations disciplines with the coordination of communications, namely: corporate communications and total corporate communications" (Balmer, 2011, p. 1338). The integrated communications approach advocates that it is critical to develop and manage the impressions that customers and other stakeholders have about the organisation. The desire for "consistency in corporate communications has fueled interest in integrated marketing communications" (Simoes *et al.,* 2005).

Furthermore, communications play an essential role with regards to other dimensions such as brand personality and corporate visual identity, which are acknowledged in the corporate identity literature (Van Riel and Balmer, 1997). The marketers and graphic designers realised the efficacy of consistency in visual and marketing communications,

that is, there should be consistency in formal corporate communications (Bernstein, 1986; Van Riel and Balmer, 1997). This approach is encapsulated in Balmer and Wilson's (1998) definition: "corporate identity is the total of visual and non-visual means applied by a company to present itself to all its relevant target groups on the basis of a corporate identity plan" (p. 15). Authors (Balmer, 2001; Melewar *et al.,* 2001) defined corporate identity mix as 'communications', and communications, which need to be 'integrated'.

Duncan and Everett (1993) referred to integrated marketing communications as "the strategic co-ordination of all messages and media used by an organisation to influence its perceived brand value" (p. 33). By integrating the communication strategies, synergies are created among different forms of communication. All forms of communication that expresses an image and seeks an integrated approach to articulate company's identity in coherent and harmonised messages through external and internal forms of communication (Simoes *et al.,* 2005). Gilly and Wolfinbarger (1998) analysed the impact of advertising upon an internal audience and the importance of involving employees in communications; they stressed the need for integrated and consistent communications. Communication effectiveness may relate on previous familiarity of the advertised brand or company (Campbell and Keller, 2003).

Researchers have stated how corporate identity and its components should be communicated internally and externally (Abratt, 1989; Balmer, 2001; Bernstein, 1986; Gray and Smeltzer, 1987). Abratt's (1989) model considers the concept of 'interface' in corporate identity and corporate image. Corporate identity is a unique feature that a corporation or brand transmits about itself, embracing values and communication. Organisations harmonise both internal and external communications to generate favourable images of the company for target audiences (Van Riel, 1995). The following communicators of the corporate image were referred to by Gray and Smeltzer (1985): nomenclature, formal statements (e.g. mission), organisational communication, imagery and graphics, permanent media (e.g. stationery, buildings), and promotional media (e.g. advertising, public relations). It is important that these sources communicate a consistent image to both internal and external stakeholders. The communication is considered to be the bridge that connects the corporate identity with the image of the organisation.

Abratt (1989) differentiates the concept of the corporate identity and corporate image interface. Corporate personality defined by Abratt (1989) as "the sum total of the characteristics of the organisation. These characteristics- behavioural and intellectual- serve to distinguish one organisation from another" (p. 413). Authors (Balmer, 1995, 1998; Balmer and Wilson, 1998; Balmer and Soenen, 1999; Baker and Balmer, 1997; Bernstein, 1984; Birkigt and Stadler, 1986; Ind, 1990; Markwick and Fill, 1997; Van Riel and Balmer, 1997) believe that these characteristics are the attitudes and beliefs, which shared by the organisation's employees. According to Comelissen and Harris (2001) corporate identity is a "tangible representation of the personality, the expression as manifest in the behaviour and communication of the organisation" (p. 56).

Abratt's (1989) model, called "the corporate image management process" (p. 203), was the first attempt to demonstrate the link between corporate personality, corporate identity, and corporate image, which sets out the foundation for corporate image. Stuart (1999) states that Marwick and Fill (1997) "considered that both organisational and marketing communications were the dominant forms of communication between identity and image, and management communication formed the link between corporate personality and corporate identity" (p. 204). Van Rekom (1997) highlights how the purpose of corporate communications is to develop a certain desired corporate image between target groups (p. 411). "Gaining a competitive advantage from messages requires the integration of internal and external communications" (Simoes *et al.,* 2005, p. 156). Corporate communication integrates in execution and organisational messages; consistency in all forms of external and internal communication is needed in order to transmit the desired identity (Van Riel, 1995).

The next section reviews the organisational studies perspective when approaching the organisational identity concept.

### 2.2.3. Organisational studies paradigm

The organisational literature mainly focuses on internal aspects of identity and its member identification (Balmer and Wilson, 1998). According to Balmer and Greyser (2003), organisational behaviour literature is concerned with the corporate culture of

an organisation and the perception of individual members (Balmer and Wilson, 1998; Van den Bosch *et al.*, 2006). Researchers (Stuart and Muzellec, 2004; Van Riel and Van Hasselt, 2002) confirmed the importance of corporate visual identity within the organisational identification domain. Logo (as a main element of corporate visual identity) selection is a challenge for the organisation (Henderson and Cote, 1998). Management should regularly monitor the effectiveness and suitability of the logo and other corporate visual identity elements to adjust organisation communications (Argenti and Druckenmiller, 2003).

Furthermore, corporate logo should act internally and externally; engaging design and advertising agencies, and managing the corporate visual identity within the organisation. Van den Bosch *et al.* (2006) investigate corporate visual identity management from an organisational perspective, the characteristics of an organisation and how the way in which a corporate visual identity is managed can influence on consistency. Attention on the corporate logo as a key element of corporate visual identity has shifted from design to the nature of the organisation itself. However, the corporate logo as a main element of corporate visual identity "plays a significant role in the way an organisation presents itself to both internal and external stakeholders" (Van den Bosch *et al.*, 2006, p. 871). A corporate logo is used as "corporate emblems or symbols of identity that are designed to convey an organisation's identity to its members and to outsiders" (Colman *et al.,* 1995, p. 1).

The management of a corporate logo is considered to be a significant systematic process, that O'Connor *et al.* (2011) proposed involves three key phases: 1) The initial phase includes a situation analysis, conducted to recognise corporate objectives and stakeholders' perceptions, as well as the competitors' corporate logo designs. 2) Design of a unique logo, which matches corporate objectives and stakeholders' perceptions, and has a strong level of visual equity that can be recognised within an industry sector. 3) Monitoring the design of a logo to facilitate adjustments to suit evolving corporate objectives, stakeholders' perceptions, and modifying industry sector conditions.

A company with an established corporate logo can use it to add value to the creation and maintenance of a favourable corporate reputation and gain trust (Green and Loveluck, 1994). The corporate logo and colour can be significant aids to reflect the

company's value, mission statement, strategy and company characteristics (Baker and Balmer, 1997; Seifert, 1992). The logo is the most visible element of the external communications of an organisation. Reviewing the literature indicates that the perceived benefits of a corporate logo as a key element of the corporate visual identity are wide, however, it has five functions in corporate communication aimed at both external and internal audiences (Stuart, 1999). First, a corporate logo can be used as a badge of recognition (Baker and Balmer, 1997; Dowling, 1994; Omar and Williams, 2006) and impacts on visibility (Balmer and Gray, 2000; Fombrun and Van Riel, 2004; Van den Bosch *et al*., 2005). The corporate logo helps people to remember an organisation (Van den Bosch *et al.,* 2006). Second, corporate logos can enhance a favourable image (Balmer, 2005; Ewing, 2006; Kay, 2006; Van den Bosch *et al.,* 2005) and develop a favourable reputation (Stuart, 1997). Third, the corporate logo communicates the corporate structure to stakeholders (MacInnis *et al.,* 1999; Olins, 1989). Fourth, a corporate logo creates employee identification with the organisation (Baker and Balmer, 1997; Van den Bosch *et al.,* 2006; Stuart and Muzellec, 2004; Van Riel and Van Hasselt, 2002). Fifth, the corporate logo can reflect and communicate the organisation's future goals and direction to the employees (Van den Bosch *et al.,* 2006). The corporate logo is considered to be an important management tool (Van Riel *et al.,* 2001). The top management of an organisation should carefully choose and develop the corporate logos (Melewar and Saunders, 1998). In addition, before companies can express their visual identity externally, it must be first realised and supported internally by the members of the companies (Van den Bosch *et al.,* 2006).

Members of an organisation believe in its central, enduring, and distinctive character, which is called an organisation's identity (Albert and Whetten, 1985; Balmer, 2001). Members of a company use an organisation's image, which is the way in which the organisation's members perceive their own organisation, to gauge how outsiders view it (Dutton and Dukerich, 1991; Dutton *et al.,* 1994). Drawing on social identity theory, definitional differences can be detected; employees should fulfill their self-definitional requirements by defining themselves in relation to their own work places (Dutton and Dukerich, 1991; Dutton *et al.,* 1994; Elsbach and Kramer, 1996; Gioia and Thomas, 1996). Ashforth and Mael (1989) believe that organisational identification is one form of social identification and they added that: "the distinctiveness of the group's [in this case the organisation's] values and practices in relation to those of comparable groups"

(p. 24) increase employees' tendency to identify with the organisation; the corporate logo can play an important role in creating identification (Van den Bosch *et al.,* 2006).

In corporate identity literature, the concept of organisational identification is considered to be very significant for organisational success. Stuart (2002) states that audiences who identify with an organisation have a more positive attitude towards the organisation. Organisational identification can improve employees' involvement, pride and loyalty to an organisation, as well as impact on an employee's behaviour towards the organisation.

Organisational studies contribute to organisation identity, organisational identification, image, and reputation. Dutton and Dukerich (1991) examine how organisational identity affects adoption processes through its effect on issue interpretations, emotions and actions. Dutton and Dukerich (1991*)* define organisational identity, image and reputation as follows:

> "An organisation's identity describes what its members believe to be its character; an organisation's image describes attributes members believe people outside the organisation use to distinguish it. Organisational image is different from reputation: reputation describes the actual attributes outsiders ascribe to an organisation, but image describes insiders' assessments of what outsiders think. Both organisational image and identity are constructs held in organisation members' minds" (Dutton and Dukerich, 1991, p. 547).

Logos are also important in terms of what they are able to communicate about the corporation in the marketplace and to its consumers (Pilditch, 1970). An organisation's image is how an organisation member believes that others see the company and is: "an important mirror for interpretations that triggered and judges issue action because of a close link between insiders' views of the organisation and insiders' and outsiders' inferences about the characters of organisational members" (Dutton and Dukerich, 1991, p. 243). Dutton and Dukerich (1991) examine how organisational identity affects adoption processes through its effect on issue interpretations, emotions and actions. In order to increase a favourable image, a corporate logo can be used to express a distinct

message and quality of the organisation to the consumers and is the foundation of distinction for an organisation.

Identification may create internalisation. Dutton *et al.* (1994) state that the positive relationships among members' attachments are based on internalisation, identification and levels of extra role behaviour, which indirectly supports this assertion. The term 'internalisation' has been explained by Dutton *et al.* (1994) as organisational identification and a member's cognitive connection with her or his work organisation derived from images that each employee has of the organisation. They define organisational identification as "the degree to which a member defines him - or herself by the same attributes that he or she believes define the organisation" (p. 239). Employees will identify themselves strongly if the attributes they use to define the organisation also define them. Ashforth and Mael (1989) state:

> "Social identification is distinguishable from internalisation. Whereas identification refers to self in terms of social categories (I am), internalisation refers to the incorporation of values, attitudes, and so forth within the self as guiding principles (I believe). Although certain values and attitudes typically are associated with members of a given social category, acceptance of the category as a definition of self does not necessarily mean acceptance of those values and attitudes. An individual may define herself in terms of the organisation she works for, yet she can disagree with the prevailing values, strategy, system of authority, and so on" (p. 21-22).

Authors (Baker and Balmer, 1997; Van den Bosch *et al.*, 2006; Van Riel and Van Hasselt, 2002) believe that corporate visual identity affects organisational identification. They signify that corporate visual identity acts as a badge of identification, and the corporate logo creates an emotional response among the audience. They proposed the role of corporate visual identity in organisational identification; however, the association was not demonstrated empirically.

The organisation identity is correlated to the definition the employees and what others attribute to the organisation. The favourability towards an organisation influence on

internal and external attributes and behaviours towards organisation (Sen and Bhattacharya, 2001). A person's beliefs should match the organisational identity and represent the shared beliefs about what is central, distinctive, and enduring about the corporation (Dutton *et al.,* 1994). In order to measure how the external public perceive organisations, employees measure image. Organisational identity and image are determined in the organisational context, how a reaction is generated, emotions are evoked, to shape the action that is needed to be taken. Based on the actions, outsiders judge the company and its members and help to differentiate them (Dutton and Dukerich, 1991). The marketing literature emphasised that the corporate image is the image that external audiences have of an organisation and its focus on customers; the corporate image represents the attitudes, beliefs, impressions and associations held by consumers (Keller, 1993; Van Heerden and Puth, 1995). The external effects of a change in corporate logo can be found in changes in the corporate image construct. There is some overlap in organisational image definitions. The organisational image has an external foundation when it is connected to perceptions of how external audiences view the organisation.

Corporate visual identity enhances consumers' knowledge about an organisation. Researchers (Balmer and Dinnie, 1999; Van den Bosch *et al.,* 2006; Brooks *et al.,* 2005; Melewar, 2001; Rosson and Brooks, 2004) noted that repositioning, modernising, managing change, promoting growth, and starting over, all require a new identity. Mergers, acquisitions, restructuring, repositioning, changing geographical emphasis, marketplaces and takeovers often lead to a new corporate logo. Companies change their corporate logo because of a strategy change, such as when United Airlines changed its logo when it became employee owned (Brun, 2002; Olins, 1978; Van Riel and Van Hasselt, 2002). The corporate logo should be up-to-date and modern (Balmer and Gray, 2000; Olins, 1978, 1989; Van den Bosch *et al.,* 2005).

The organisational literature refers to the role of management in establishing the organisational identity and developing an image. In Dutton and Dukerich's (1991) study at the New York Port Authority, "managers pushed by a deteriorating organisational image reconsidered their rigid approach to the issue of homelessness and came to perceive the adoption of a more humane and socially responsible line of action

as closer to the agency's skills and traditional commitment to the region's welfare" (Ravasi and Schultz, 2006, p. 437).

Top managers support the construction of an organisational image and are responsible for managing and projecting it in order to achieve a favourable image in the minds of consumers (Scott and Lane, 2000):

> "Managers act together to form a consensus on core values and organisational purpose and to furnish a consistent view of what the organisation is all about to the world. In doing so, they collectively reinforce each other's beliefs regarding the organisation, and they collectively present their view of reality to stakeholders" (p. 47).

Managers have an interest in managing or manipulating corporate visual identity (corporate logo, corporate name). Ashforth and Mael (1989) note,

> "It is tacitly understood by managers that a positive and distinctive organisational identity attracts the recognition, support, and loyalty of not only organisational members but other key constituents (e.g. stakeholders, customers, job seekers), and it is this search for a distinctive identity that induces organisations to focus so intensely on advertising, names and logos, jargon, leaders and mascots, and so forth" (p. 28).

Organisations invest large amounts of money in developing and implementing a corporate logo and expect important benefits from it. Organisational communications present organisational images, and use the corporate logo to improve the attractiveness and distinctiveness of those images for external and internal audiences. An organisation's instruments make stakeholders' association more visible. Organisational communication (e.g. sponsorship) and organisational identification increase the visibility of stakeholders' associations (e.g. employees in advertising campaign). Organisations create and design a corporate logo as a visible manifestation of a leader's vision: well-designed corporate logos help managers to improve visibility among an organisation's stakeholders. The cognitive dimension also has an important relation to

employees' and customers' evaluation of the corporate logo: their evaluation influences their overall judgment of an organisation and identification with it.

The next section reviews several perspectives documented in the marketing literature that widen the breadth of the corporate logo construct.

### 2.2.4. Marketing paradigm

Scrutinising the marketing literature on corporate logos over the last few decades, it is likely to distinguish several important shifts in emphasis. Researchers have emphasised the management of corporate image and investigated the significance of corporate identity (especially corporate visual identity) in corporate image formation (Balmer, 2008, p. 882). Since logos are clearly important to corporate image and reputation, it stands to reason that the design of the logo is crucial to a company's marketing effectiveness. Marketing effectiveness can build on brand management and integrated communications research (DeChernatony, 1999; Duncan and Everett, 1993).

Marketing scholars often make a link between visual identification and stakeholder/ customer perceptions of the organisation (Abratt, 1989, Balmer, 2008; Dacin and Brown, 2002; Dowling, 1993, Gray and Balmer, 1998, Stuart, 1999). The role of visuals and especially the role of corporate and brand logos have received the attention of marketing researchers (Balmer, 1995; Henderson and Cote, 1998; Van Riel *et al.,* 2001) who feel that it needs to be supported by clear corporate visual identity guidelines and consistent marketing communications (Van Riel, 2000). The effect of individual design elements on consumers' reactions was examined in marketing research (e.g. Pittard *et al.,* 2007; Van der Lans *et al.,* 2009). This perspective approaches the concept of the corporate logo as the root of corporate identity and is concerned with how corporate identity is transmitted to the organisation's public (Hatch and Schultz, 1997); it is mainly grounded in the branding literature (Simoes *et al.,* 2005).

Marketing researchers have labelled the corporate logo, as a 'vision driven approach' to management and this concept is a mix of soul, mind, and voice. This approach shows how identity management has been modified from a dominating concern with visual expression into strategic change management (Balmer, 2001; Balmer and Soenen,

1999; Hatch and Schultz, 2003; Van Riel, 1995). Moreover, the integrated communication and marketing perspective are vital to understand how the marketing field addresses the corporate logo and its components. Marketing managers and scholars understand design's influences on recipients (Van der Lans *et al.,* 2009).

The marketing approach focused on the corporate image as the external perception of corporate identity (especially corporate visual identity) and aimed to define the concept of the corporate image (Balmer, 2008). Then, marketing scholars focused on deeper notions of corporate identity, which led to a corollary concern about corporate identity management and formation (Balmer, 2008; Melewar and Karaosmanoglu, 2006). According to Hankinson *et al.* (2007), corporate visual identity can signal an organisation's rebranding process and reflect the identity of a company; it should be in association with the corporate identity. The corporate logo is used to increase its significance as a product and services differentiator to enable its customers to build an image of the company in their minds (Hatch and Schultz, 2001; Henderson and Cote, 1998; Gray and Balmer, 1998; Van Riel, 2000); advertising is an opportunity for a company to present its corporate image (Melewar *et al.,* 2001). Attitude toward an advertisement can be thought of as a consumers' general liking or disliking of an advertisement.

Communication follows on from the brand-building process and is transmitted wherever there is contact with audiences. Authors (Brown and Reingen, 1987) believe that information about a product or a company can be a main determinant of consumer behaviour and attitude as well as create a favourable corporate image (Comelissen, 2000; Dacin and Brown, 2002). Managers should create a belief to communicate to the market (Van den Bosch *et al.,* 2005) and to the customers. Furthermore, management needs to understand the process of design to communicate with designers by using a common language with a similar point of view (Henderson *et al.,* 2003; Kohli *et al.,* 2002). According to Wheeler (2003), "the main challenge to the designer is to translate vision into a tangible expression and a visual language that resonates with all stakeholders" (p. 16). Additionally, corporate visual identity has been presented as a significant tangible asset in the expression of the firm and is used as the 'glue' in communication (Van den Bosch *et al.,* 2006).

Marketing researchers believe that the corporate logo is a central element of marketing strategy (Cohen, 1991; Pitta and Franzak, 2008) and marketing communication (Ewing, 2006; Kohli *et al.,* 2002; Pittard *et al.,* 2007). The corporate logo can be used as an efficient management tool to orchestrate the desired features. Furthermore, a logo of a company is used to communicate (Van Riel, 1995; Van Riel *et al.,* 2001) who the company is and what it is stands for (Balmer, 2006; Stuart, 1997; Van Rekom, 1997). It makes the task of formal corporate communications easier (Baker and Balmer, 1997). Henderson and Cote (1998) noted that corporate logos are a reliable, distinctive cue for an organisation and should create the strongest sense of familiarity. In terms of familiarity, Ha (2005) states "consumers are more likely to be familiar with brands that have been around for longer periods and have had their reputations reinforced through brand experience" (p. 441). According to scholars (Bernstein, 1984; Dowling, 1986) an

The corporate logo as a symbol can help the firm to create a position or brand differentiation in the market from its competitors and environment (Hatch and Schultz, 2001; Van den Bosch *et al.,* 2005) and provides reassurance for the customer (Douglas, 2001). A corporate logo is used to evoke the set of associations to communicate one clear desirable message to the consumers (Durgee and Stuart, 1987; Keller, 1993; Kropp *et al.,* 1990; Schmitt, 1995; Van Riel, 1995). Accordingly, marketing academics (e.g. Balmer, 2001; Balmer and Gray, 2003; Simoes *et al.,* 2005) regard the corporation as a brand. The branding concept can be directly applied at the corporate level (Aaker, 1996). Hatch and Schultz (2003) state that the organisation has become a strategic element in branding and corporate branding brings to marketing the ability to employ company's vision and culture explicitly as part of its unique selling points. Van den Bosch *et al.* (2006) have argued that employees need to understand the rationale and aims behind a company's visual identity before they can recognise and support it, which can be an opportunity to extend consumers' knowledge of a company's product brands.

Keller (1999) states that the ways in which the brand can be communicated and explained. The concept of a brand 'mantra' is a short expression to explain brand positioning and core brand values, a valuable instrument to convey its meaning. According to Keller (2003), a brand is a: "name, term, sign, symbol, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition" (p. 3). The logo is the most powerful

brand element, used to identify the firm or brand and represent the company in marketing efforts to its target audiences, to provide customers with positive associations and enhance willingness to purchase (Bennet, 1995; Dowling, 1994; Henderson and Cote, 1998; Kohli *et al.,* 2002; Melewar, 2003; Melewar and Saunders, 1999). Keller (2003) highlights the significance of selecting brand elements to characterise the identity.

According to Aaker (1996), brand identity provides strategic direction, purpose and meaning for a brand. Aaker (1996) defines brand identity as: "(...) a unique set of brand associations that the brand strategist aspires to create or maintain. These associations represent what the brand stands for and imply a promise to customers from the organisation members. Brand identity should help establish a relationship between the brand and the customer by generating a value proposition involving functional, emotional, or self-expressive benefits" (p. 68).

Aaker's (1996) model contains the brand essence, core identity and extended identity. The brand essence captures the brand values and vision in an ambivalent timeless identity statement (Aaker, 2000). The core identity represents the timeless essence of the brand and contains the associations (the soul, brand values and beliefs, organisational competencies and organisational mission) that are most likely to remain constant over time. Brand identity is the complete package of a business to its customers. It includes the company's service reputation, features, product quality, benefits, value, and performance. The core identity elements make the brand sustainable, unique and valuable (Aaker, 1996). The extended brand identity represents completeness and gives texture to the brand (e.g. visible associations with the brand) and presents the ambivalent core identity into a consistent direction of the brand. Aaker (2004) states "the corporate brand is special because it explicitly and unambiguously represents an organisation as well as a product" (p. 10). Ind (1997) asserts that "a corporate brand is more than just the outward manifestation of an organisation its name, logo, visual presentation. Rather it is the core of values that defines it" (p. 13).

Balmer and Greyser (2003) state several useful distinctions between corporate identity and corporate branding. Corporate branding has more of an external focus and tries to gain profile vis-a-vis identity. Corporate brands can be financially valued or amortised

in a way that corporate identity cannot. As Schmitt and Pan (1994) argued, corporate identity may be viewed as branding at the corporate level. Branding for services is different than branding for goods because it is the organisation that is the primary brand (Berry and Parasuraman, 1991). Thus, in service organisations such as financial services, hotels, airlines, customers' multiple interaction with staff of the brand are presented across various parts of a service delivery (Bitner *et al.,* 1994) and each organisation develops a corporate brand image. Corporate identity helps underpin corporate branding (Balmer, 1995) and Balmer and Greyser (2003) state that corporate branding is a way of manifesting corporate identity. For all the above reasons, corporate identity can be an antecedent of corporate branding. Berry (2000) explains,

> "Branding plays a special role in service companies because strong brands increase customers' trust of the invisible purchase. Strong brands enable customers to better visualise and understand intangible products. They reduce customers' perceived monetary, social, or safety risk in buying services, which are difficult to evaluate prior to purchase. Strong brands are the surrogates when the company offers no fabric to touch, no trousers to try on, no watermelons or apples to scrutinise, no automobile on test-drive" (p. 128).

Corporate branding expresses the characteristics of a company to determine the desired identity perception in the minds of a company's internal and external stakeholders (Van Riel and Balmer, 1997). The marketing approach builds on brand management and integrated communications research (DeChernatony, 1999; Duncan and Everett, 1993). Kennedy (1977) pioneered empirical research into the significance of personnel in image formation. A positive corporate image development goes beyond formal communications with personnel as a touchstone.

Widening the corporate brand spectrum, communicators such as advertising, corporate logo, buildings, etc. can form the customers' perceptions of the intended corporate identity. The essence of a brand is the major features that shape the brand. It can be a corporate logo, which is always present from production through communication and increases its significance as a product and corporate differentiator to raise a favourable corporate image (Hatch and Schultz, 2001; Henderson and Cote, 1998; Van Riel *et al.,* 2001) against competitors (Kotler, 2000).

Marketers have focused on consumers as primary receivers, and antecedents as well as the consequences of consumers' overall impression (corporate image) of companies were studied. In marketing, the corporate logo has been seen as a means to encapsulate the personality of a firm and its values in order for it to be effectively presented to stakeholders (Bernstein, 1986; Van Heerden and Puth, 1995; Van Riel *et al.,* 2001). Another stream of research in marketing states that the corporate logo stimulates pleasure, arousal and dominance in consumers. It serves as a cognitive 'switch' to recall an image in the mind of the audience (Balmer, 2005; Ewing, 2006; Kay, 2006; Van den Bosch *et al.,* 2005) and cuts through clutter to gain attention (Van Riel *et al.,* 2001).

Also, a corporate logo can create a first impression (van Heerden, 1999) that evokes positive and negative emotional reactions (Baker and Balmer, 1997; Bloch, 1995; Henderson and Cote, 1998; Van Riel, 1995; Van Riel *et al.*, 2001). The corporate logo can remind the beholder of his/her attitudes, perceptions, expectations, experiences, thoughts, desires, and even aversion towards the corporation behind the logo (Henderson and Cote, 1998; Van Heerden, 1999; Van Heerden and Puth, 1995). Moreover, a corporate logo as a symbol can help the firm to create a position or brand differentiation in the market from its competitors and environment (Abratt and Mofokeng, 2001; Hatch and Schultz, 2001; Kotler, 2000; Van den Bosch *et al.,* 2005) and provides reassurance for the customer (Douglas, 2001). Leading brands are prompted to react to environmental dynamics.

Keller (1999) emphasised the contributions of employees to the external perception of an organisation. Harris and DeChernatony (2001) developed the frameworks that link employees' perception of their organisations' corporate brand and brand performance. Perceptions and experiences of a company depend considerably on personal contact with employees (Kennedy, 1977). Some marketing scholars consider employees to be a communicator of corporate values to external audiences (Gray and Balmer, 1998; Keller, 1999; Kennedy, 1977).

According to Van den Bosch *et al.* (2006), visual identity must be first understood and supported internally by company's employees and then expressed externally. Their study shows how a corporate visual identity is perceived internally. First, all employees

of the organisation must be familiar with the rationale and aims behind the design before they are able to understand and support it. Second, the company's employees must learn how to use the corporate visuals through both formal and informal learning. Van den Bosch *et al.* (2006) state that corporate visual identity should contains the characteristics, future goals and direction of the organisation. In order to differentiate the organsiation, visual identity should reflect what the organisation actually stands for (Baker and Balmer, 1997). Marketing scholars embed the characteristics of the corporate logo in the development as a symbol representing the corporate reputation and to expand upon consumers' perception of corporate reputation (Hatch and Schultz, 2001; Omar and Williams, 2006; Van den Bosch *et al.,* 2005; Van Riel *et al.,* 2001). The reputation of a company can spread if a logo aligned with the other corporate identity mixes elements such as behaviour and communication.

Studies in marketing concentrate on consumers as primary receivers and argue that the corporate logo is used to lead to favourable attitudes towards the company and directly influence purchase intentions that can affect a company's financial performance (Bloch, 1995; Henderson *et al.,* 2004; Hutton, 1997). Furthermore, the corporate logo is used as a key economic advantage for customers to lower their search costs (Cohen, 1991) and assist in transcending global boundaries and language barriers because of its visual character (Kohli *et al.,* 2002). Favourable corporate logos influence an audience, carry tremendous amounts of aesthetic value (Mollerup, 1999, p. 75) and make aesthetic responses (Bloch, 1995; Pittard *et al.,* 2007; Schmitt *et al.,* 1995).

### 2.2.5. Multi-disciplinary paradigm

Several marketing approaches advocate a more eclectic view of corporate identity (Balmer, 2001; Hatch and Schultz, 1997; Moingeon and Ramanantsoa, 1997; Van Riel and Balmer, 1997). Corporate identity and its management have been discussed for decades, and there seems to be several ways of interpreting the phenomenon (Balmer, 1995, 1998). In recent years academics have produced important work on corporate identity (Abratt, 1989; Albert and Whetten, 1985; Balmer, 1994, 1995; Van Riel, 1992, 1995). Hatch and Schultz (1997, 2000) state that organisational and corporate identity boundaries (internal and external) are becoming increasingly blurred, overlapping or

interconnected in areas such as marketing and organisation studies (Hatch and Schultz, 1997). The 'inter-disciplinary' paradigm focuses on 'marshalling' the corporate identity mix (Van Riel and Balmer, 1997).

Academics acknowledge that a favourable corporate identity is one of an organisation's most significant assets and is worthy of constant management attention (Van Riel and Balmer, 1997). Within the inter-disciplinary school there is an increasing awareness that corporate identity refers to an organisation's distinctive characteristics, which are rooted in the behaviour of organisation's employees (Balmer and Wilson, 1998; Van Riel and Balmer, 1997). Furthermore, corporate identity refers to a company's value and principles, and a company's personality (Abratt, 1989; Olins, 1989), its history, all actions and future plans and visions. As Van Riel and Balmer (1997) maintain,

> "(…) corporate identity has gradually broadened and is now taken to indicate the way in which an organisation's identity is revealed through behaviour, communications, as well as through symbolism to internal and external audiences. Many of the (…) scholars conclude that the management of an organisation's identity is of strategic importance and requires a multi-disciplinary approach" (p. 341).

The multi-disciplinary approach argues that business identity studies form the keystone of corporate marketing (Balmer, 2001). To reach a consensus on a definition for corporate identity, Van Riel and Balmer (1997) formulated the following statement:

> "Every organisation has an identity. It articulates the corporate ethos, aims and values and presents a sense of individuality that can help to differentiate the organisation within its competitive environment.

> When well-managed, corporate identity can be a powerful means of integrating the many disciplines and activities essential to an organisation's success. It can also provide the visual cohesion necessary to ensure that all corporate communications are coherent with each other and result in an image consistent with the organisation's defining ethos and character.

By effectively managing its corporate identity an organisation can build understanding and commitment among its diverse stakeholders. This can be manifested in an ability to attract and retain customers and employees, achieve strategic alliances, gain the support of financial markets and generate a sense of direction and purpose. Corporate identity is a strategic issue.

Corporate identity "is revealed through behaviour, communications, as well as through symbolism to internal and external audiences" (Van Riel and Balmer, 1997, p. 341). Corporate identity attempts to harmonise the insights from different areas: organisational studies and marketing, graphic design, strategic movement, human resources, public relations and communication studies (Van Riel and Balmer, 1997).

Recent authors (e.g. Balmer, 2001, 2009; Brown *et al.,* 2006; Dacin and Brown, 2002; Karaosmanoglu *et al.,* 2011; Melewar and Karaosmanoglu, 2006; Powell *et al.,* 2009; Simoes *et al.,* 2005; Van Riel and Balmer, 1997) emphasise that corporate identity management (e.g. corporate logo) and corporate image should follow a multi-disciplinary approach. The multi-disciplinary school also places importance on stakeholder communication. Balmer's (1995) Communications School is similar to the Integrated Communications Paradigm (Van Riel and Balmer, 1997), which can be represented by the Inter-disciplinary Schools communications tenet (Van Riel and Balmer, 1997). Van Riel and Balmer categorise the 'integrated communication paradigm' and the 'inter-disciplinary paradigm' as on the same level. According to Van Riel (1995), a company's communication concerns visual and verbal messages while symbolism relates to visual cues that shows what the brand wishes to stand for.

For many years researchers ascribed corporate identity to be a visual phenomenon (Pilditch, 1970) and positioned corporate identity as visual and verbal messages of organisational characters that integrated communications paradigm (Bernstein, 1986; Van Riel, 1995). To develop the corporate identity, organisations recruited graphic designers to emphasise the visual identity, and make it more modern. Balmer's (1995) states that Visual Schools is related to the Graphic Paradigm (Van Riel and Balmer, 1997), which can be represented by the symbolism tenet within the multi-disciplinary paradigm. Visual identity metaphors have attracted the attention of academic

researchers in advertising and marketing. Simoes *et al.* (2005) suggested that marketing researchers should ground their studies' analysis and discussion in a broad range of disciplines.

Articles (Balmer, 2001; Hatch and Schultz, 1997; Melewar and Karaosmanoglu, 2005; and Van Riel and Balmer, 1997) highlight the intertwined relations between identity and image positioning. In order to attain a favourable image, the corporate logo needs to be managed through a multi-disciplinary field. The areas that can be managed include corporate visual identity (e.g. corporate logo) and communication (e.g. marketing communications).

### 2.2.6. Overview and the focus of the study

The review of literature in the previous sections on corporate logo and corporate image from different disciplines addressed the concepts of corporate logo and corporate image from their own point of view and emphasised certain aspects of logo management. Among prevailing studies, those in marketing and design have provided the greatest amount of evidence about the corporate logo as an imperative element in creating a visual identity for the organisation (Melewar and Saunders, 1998) and its effect on the economic performance of organisations. Logos are the most well-organised management tool for orchestrating the desired features that organisations require to articulate to their internal and external stakeholders (Van Riel *et al.,* 2001).

The organisation studies paradigm argues that an organisation is a social actor with distinct, unique and enduring qualities to distinguish them from other companies in the industry; it relies on social identity theory (Brown *et al.,* 2006; Karaosmanoglu *et al.,* 2011). Moreover, marketing researchers (Bhattacharya and Sen, 2003; Bhattacharya *et al.,* 1995; Gwinner and Swanson, 2003; Karaosmanoglu *et al.,* 2011) have studied identity from the standpoints of external audiences, using social identity theory. The efficient management of corporate identity leads to a favourable corporate image. An enduring, favourable corporate image ensures a favourable reputation and develops a positive attitude in stakeholders towards the organisation (Balmer and Wilson, 1998; Carter, 1982; Van Riel, 1995; Van Riel and Balmer, 1997).

The marketing approach grounded itself in branding that extends beyond the traditional marketing field. Corporate identity is a basis for positioning the company as a brand. Understanding the relationship between consumers and companies to an association between corporate image and corporate performance outcome such as customer loyalty and purchase intention is the focus of this paradigm. Marketing and advertising researchers focus on visual expressions of logos (Kenney and Scott, 2003; McQuarrie and Mick, 2003; Mulvey and Medina, 2003). The corporate logo can influence consumers' advertising awareness and can also affect the memorability of advertisements (Childers and Jass, 2002; McCarthy and Mothersbaugh, 2002; Van den Bosch *et al.,* 2005).

Marketing and corporate branding academics focus on the corporate logo as a concept that is formed on the basis of the corporate brand promise of an organisation, used to differentiate characteristics of a brand, product and services (Aaker, 1991; Johansson and Hirano, 1999; Kay, 2006; Van Heerden, 1999). Research in marketing regards the corporate logo as a useful device to generate more effective responses, and that word-mark logos stimulate more cognitive responses. A corporate logo stimulates pleasure, arousal and dominance from consumers, serving as a cognitive 'switch' to recall an image in the mind of the audience (Balmer, 2005; Ewing, 2006; Van den Bosch *et al.,* 2005; Kay, 2006) and cut through clutter to gain attention (Van Riel *et al.,* 2001). Also, a corporate logo can create a first impression (Van Heerden, 1999) that evokes positive and negative emotional reactions (Baker and Balmer, 1997; Bloch, 1995; Henderson and Cote, 1998; Van Riel, 1995; Van Riel *et al.,* 2001). A corporate logo can remind the beholder of her/his perceptions towards the corporation behind the logo (Henderson and Cote, 1998; Van Heerden, 1999; Van Heerden and Puth, 1995). Moreover, the corporate logo as a symbol can help the firm to create a position or brand differentiation in the market from its competitors and environment (Abratt and Mofokeng, 2001; Hatch and Schultz, 2001; Kotler, 2000; Van den Bosch *et al.,* 2005) and provides reassurance for the customer (Douglas, 2001).

Bernstein (1986) states that customers look for a symbol that can repeat and be reassured of experienced customer satisfaction. Bernstein (1986) believes that the corporate logo is a condition of consistency in the wider context of a company's

identity. Identity is often disseminated through official documents and logo (Bhattacharya and Sen, 2003). Aaker (1996) stated that logos are part of an overall brand/corporate meaning to provide differentiation and influence choice. It can help a brand/corporate in two ways: 1) it can be used in conjunction with the name for fast recognition of a brand/corporate; 2) it can be used in place of the name when space or time constraint. A firm can benefit from assigning a corporate logo to their corporation (Henderson and Cote, 1998).

Corporate logos can serve as a competitive advantage, project quality, convey strength, and differentiate the firm from its competitors (Melewar *et al.,* 2005; Olins and Selame, 2000; Schmitt, 1995). According to Van Heerden and Puth (1995), they can expand market share, keep customers and maintain a profitable position, develop business survival and profitability, and attain differentiation in the minds of audiences (Gupta *et al.,* 2008).

Brown *et al.* (2006) state that the studies in corporate identity and corporate image focus on two main levels: first, the organisation-level concerns how a company develops a unique, distinctive and enduring corporate identity to communicate internally and externally. The second, which is used in this study, is the individual-level investigation, which aims to understand what the stakeholders of a company think about the company. A logo should be chosen carefully as logos symbolise the desired identifying characteristics of the organisation (Van Riel *et al.,* 2001). For all these reasons, organisations spend substantial sums of money, time, and research on developing a logo, which reflects the organisation's identity and helps to mould its image in a positive way (Napoles, 1988; Olins, 1989; Schechter, 1993; Spaeth, 1995; Van Riel *et al.,* 2001). This research considers the second level and examines the factors that may impacts on consumers' evaluations of companies (corporate image).

Dacin and Brown (2002) posited the message sources, which are external to organisations and express cues about a company's identity to individuals, as consistent with the inter-disciplinary perspective. The multi-disciplinary paradigm views corporate identity as managed by organisations. Marketing tended to expense the depth and breadth of literature in sociology and psychology (Palmer and Bejou, 2006). Corporate identity is related to an organisation's behaviour, marketing and psychology.

It focuses on how decision-makers decide to communicate an organisation's identity internally and promote the company's characteristics externally. Simoes *et al.* (2005) assert that to attain a desirable image, the logo, as a part of the corporate identity, can be drawn and managed from several disciplines. Henderson and Cote (1998) noted that the marketing literature contains no systematic research on the effect of design on consumer evaluations of logos.

Dacin and Brown (2002) state that the mental picture people hold of the company defines its actual identity. Can a logo communicate a corporate image? A logo can communicate in a very subtle way. Henderson and Cote (1998) developed "guidelines to assist managers in selecting or modifying logos to achieve their corporate image goals" (p. 14). Their research was related to aesthetics and the findings were limited as they used logos without company names and examined how the effects of design transfer to evaluations of the company or brand. In contrast with theoretical assumptions and anecdotal evidence, data showing empirical evidence of the impact of specific antecedents of logos explaining variations in external corporate reputation data are limited (Van Riel *et al.*, 2001, p. 439). Accordingly, this study takes this gap into account and develops a conceptual model from the consumers' standpoint.

Corporate logos can also enhance the company's image (Balmer, 2005; Ewing, 2006; Kay, 2006; Van den Bosch *et al.,* 2005). Firms understand the need to measure their visual identity to control their image, including trade symbols and logos, and prototypes of contemporary identity design (Napoles, 1988). Researchers of the visual school believe that corporate logos should provide visibility and reflect any change in corporate strategy, culture and communication. The graphic design paradigm highlights the symbolism of organisations to provide visibility to the company and influence any changes in corporate culture, communication and strategy. The researchers in this field studied an organisation's value, which reflects a company's visual identity such as logo, name, slogan, and its changes after a merger or acquisition. The corporate brand is recognised by its design, and the visual identity should be fashionable and up-to-date (Balmer and Gray, 2000; Olins, 1978, 1989; Tucker, 1961; Van den Bosch *et al.,* 2005). Graphic designers and consultants have studied the effect of design elements, identifying the important responses to the visual characteristics of logos (Henderson

and Cote, 1998) that can enhance a positive image in the minds of the audience (Mollerup, 1999; Napoles, 1988; Olins, 1989; Schechter, 1993; Spaeth, 1995).

A logo's impact comes from repetition, seeing it continually in places such as television commercials, stationery and flyers: the list is endless in the marketplace. Logos have meaning, and present to the subconscious mind of the consumer a message about the product and corporation. Studies also consider the corporate logo to be 'a property of the organisation' that is used to communicate a desirable message to the consumers (Balmer and Gray, 1999; Henderson and Cote, 1998; Olins, 1989; Stuart, 1997 and 1999; Van Riel *et al.,* 2001). Abratt (1989) suggests that the integration of company-driven communication efforts can assist organisations with gaining consistency in what they communicate and what is attributed to them. When services and products are difficult to distinguish, a symbol (logo) can be the central element in distinguishing them (Aaker, 1991). The corporate identity mix (symbolism, communication, and behaviour) should be integrated to convey a consistent message so that corporate identity is perceived as it was intended.

Furthermore, a corporate logo can elicit different responses from people to serve as a competitive advantage and also provides an organisation with the means of building its reputation (Olins, 1989). A corporate logo also impacts on familiarity with the company and in products (Henderson and Cote, 1998; Peter, 1989), and presents the company's culture (Ewing, 2006; Henderson *et al.,* 2003; Kapferer, 1992; Macintosh and Doherty, 2007; Siegel, 1989; Stuart, 1997). In the following sections the definitions of the corporate logo and its elements (typeface, graphic design, colour, and corporate name) are provided. Furthermore, the corporate image and corporate reputation are depicted.

## 2.3. DEFINING THE CORPORATE LOGO CONCEPT

To facilitate the development of a construct and test a theory, a theoretically important definition must be clearly specified (Churchill, 1979). Different scholars have often used the terms 'corporate logo', 'brand logo', 'symbol', 'logotype', 'trademark' and 'trade figure' interchangeably when their definitions have overlapped. However,

throughout this study, the phrase 'corporate logo' is used as its definition and application is the root of this thesis.

The corporate logo is defined by each paradigm through its own lens. For instance, marketing academics focus on the corporate and human personality and assert that the corporate logo is a sign of promises to the customer (Kay, 2006); it can become a type of shorthand for the personality of the organisation and its values (Bernstein, 1986). Every company has its own personality, an intellectual and distinctive behaviour to serve and discriminate one firm from another. The corporate logo is at the root of corporate identity as well as the main element of corporate visual identity (Balmer, 2001). The literature (Bernstein, 1986; Van Heerden and Puth, 1995) claims that the corporate logo is used to condense the personality of a firm and its values in order for it to be effectively presented to stakeholders (Bernstein, 1986; Van Heerden and Puth, 1995; Van Riel *et al.,* 2001). Balmer (2008) defined the corporate logo as a "distinctive way in which an organisation's name is rendered, principally in typographic form" (p. 899). Chajet and Shachtman (1991) state:

> "The public sees logos and other visual elements of companies every day, and though surveys show that we think we don't pay much attention to them, we do, we do. Sometimes a logo takes on a life of its own, going beyond its function as a symbol appearing on a letterhead or at the bottom of an advertisement to the point where it becomes the heart and soul of a company" (p. 28).

The characteristics of a corporate logo are embedded in the development of the definition of the corporate logo by marketing scholars as a symbol to represent the corporate reputation and expand upon consumers' perception of it (Hatch and Schultz, 2001; Van den Bosch *et al.,* 2005; Van Riel *et al.,* 2001). The graphical characteristics of a logo can help increase the familiarity of a firm (Henderson and Cote, 1998). Familiarity defined by Herrera and Blanco (2011) as "the number of product related experiences that have been accumulated by the consumer" (p. 286). The referential properties of a logo may describe the impact of logos on reputation (Green and Loveluck, 1994; Van Riel *et al.,* 2001). The reputation of a company can increase if a

logo coordinates with the elements of corporate identity (behaviour and communication) (Van Riel *et al.,* 2001).

The concept of the corporate logo has been defined differently in diverse studies and several meanings have been assigned by different authors. The majority of these meanings have merged from marketing (Bernstein, 1986; Henderson and Cote, 1998; Melewar *et al.,* 2000; Van Riel and Balmer, 1997) and design perspectives (Napoles, 1988; Olins, 1989; Selame and Selame, 1975; Wheeler, 2003).

Marketing and advertising researchers studied the visual expressions of the logo (Kenney and Scott, 2003; McQuarrie and Mick, 2003; Mulvey and Medina, 2003). Henderson and Cote (1998) state that the corporate logo used as a company's signature (Melewar, 2003; Schmitt and Simonson, 1997). Marketing literature refers to the corporate logo using different outlooks. One group of researchers refer to the corporate logo as comprising the public's first impression of a company (Bernstein, 1986; Henderson and Cote, 1998; Henderson *et al.,* 2004; Hutton, 1997; Van Heerden, 1999; Van Riel *et al.,* 2001). Marketing researchers claim that the corporate logo is a graphic element linked with corporate identity to evoke positive and negative emotional reactions and therefore to create positive associations of the company and brand to various stakeholders (Dowling, 1994; Kotler, 2000; Melewar and Saunders, 1999; Simoes *et al.,* 2005; Topalian, 1984; Van Riel *et al.,* 2001).

Corporate logos increase a company's significance as a product or a corporate identifier (Hatch and Schultz, 2001; Kotler, 2000; Omar and Williams, 2006; Van den Bosch *et al.,* 2005; Van Riel *et al.,* 2001) and influence purchase intentions (Cohen, 1991; Siegel, 1989; Wallace, 2001) to create a favourable corporate image and reputation (Hatch and Schultz, 2001; Henderson and Cote, 1998; Olins, 1989; Van Riel *et al.,* 2001). Kohli *et al.* (2002) state, "a logo provides instant recognition for the brand and the product. Logos help transcend international boundaries and language barriers because of their 'visual' character" (p. 58). Dowling (2001) and Simoes *et al.* (2005) argue that a firm's identity is expressed through names and logos, typefaces, colour schemes. However, Henderson and Cote (1998) assert that marketing literature has no systematic research on the effect of design on consumer evaluations of logos.

Studies of the marketing perspective concentrate on consumers as primary receivers and argue that the corporate logo is used to lead to favourable company attitudes and directly influence purchase intentions, which can affect a company's financial performance (Bloch, 1995; Henderson *et al.,* 2004; Hutton, 1997). Furthermore, the corporate logo is used as a key economic advantage to lower customer search costs (Cohen, 1991) and help transcend global boundaries and language barriers (Kohli *et al.,* 2002). The corporate logo is used to make aesthetic responses (Bloch, 1995; Pittard *et al.,* 2007; Schmitt *et al.,* 1995). Marketing literature is very similar to design literature and will be discussed in the next section.

Design literature refers to the corporate logo as a set of elements (colour, typeface, name, and design) that give prominence to a company's products and services; it enables customers to distinguish and identify a brand or a company (Bennett, 1995; Leitch and Motion, 1999; Mollerup, 1999). They regard the corporate logo as an essential component of stimulus that draws an emotional reaction from consumers (Alessandri, 2001; Berlyne, 1971; Lewicki, 1986). Graphic designers and consultants regard the concept of the corporate logo as the way in which an organisation communicates with the public (Balmer, 1998).

Similar to marketing researchers, the organisational literature centres on the corporate logo as a clear instrument to express the organisational characteristics (Van Riel *et al.,* 2001). Corporate Visual Identity (CVI) "plays a significant role in the way an organisation presents itself to both internal and external stakeholders" (Van den Bosch *et al.,* 2006, p. 871). The organisational authors consider the corporate logo to be more than just a visual presentation of the organisation and believe it is crucial for communication with users. The corporate logo is exhibited in the image that a company expresses to its audiences as a product differentiator, to create a favourable corporate image (Kapferer, 1992; LeBlanc and Nguyen, 1996; Stuart, 1997) and corporate reputation (Kapferer, 1992; Stuart, 1997).

The components of a corporate logo's operational definition should describe the dynamics of how people position a company. The organisational studies perspective, which is partly grounded in social identity theory (Dutton *et al.,* 1994; Elsbach and Kramer, 1996; Gioia and Thomas, 1996; Simoes *et al.,* 2005), provides a useful

perspective for understanding how an individual perceives an organisation; what others consider an organisation to be also influences an individual's overall evaluation of that organisation (Dutton *et al.,* 1994; Hatch and Schultz, 1997).

Concluding this discussion, the concept of the corporate logo can be defined as follows:

Corporate logo is the signature of a company with an essential communication, distinctiveness, which can reflect a company's image (Schmitt and Simonson, 1997; Henderson and Cote, 1998; Melewar, 2003; Melewar and Saunders, 1999).

## 2.4. DEFINING THE ELEMENTS OF THE CORPORATE LOGO

Early studies in the field of corporate identity and corporate image focused on corporate identity as communicating a company's culture, principles and values through visual identity tools such as logo, colour, typeface and so on (Balmer, 2001; Van Riel and Balmer, 1997).

In this section, to understand the corporate logo better, the different elements of a corporate logo, such as colour (Baker and Balmer, 1997; Gabrielsen *et al.,* 2000; Tavassoli, 2001), typeface (Henderson *et al.,* 2004), design (Alessandri, 2001) and corporate name (Hatch and Schultz, 1997; Henderson *et al.,* 2003; Melewar, 2003; Napoles, 1988) are discussed. Building a favourable image through corporate logo design, needs the main tools, such as, fonts, colour, corporate name, and design. Corporate logos are "almost exclusively thought of as visual phenomena, many include company names or product names which, of course, are pronounceable. Other audible aspects may also be relevant" (Mollerup, 1999, p. 74). These basic elements, translated into a physical effect, help to develop the corporate identity.

### 2.4.1. Defining typeface

As discussed in Section 2.2.1, typeface design is a significant visual tool for accomplishing corporate communication objectives (Childers and Jass, 2002;

Henderson *et al.,* 2004; Hutton, 1987; McCarthy and Mothersbaugh, 2002; Pan and Schmitt, 1996; Tantillo *et al.,* 1995) and plays an important role in the way an organisation presents itself to both external and internal stakeholders. As paradigms involved in the field of corporate logo, a typeface can communicate numerous messages to audience. Wheeler (2003) suggests that a typeface can express feelings that reflect a company's personality and a company's culture. A company's typeface is crucial in helping people to recognise the organisation and recall its image. It may even reaffirm trust in the organisation (Dowling, 1993) and can affect people's judgments and behaviour (Doyle and Bottomley, 2002; Gabrielsen *et al.,* 2000; Van Riel *et al.,* 2001).

The corporate typeface is the core of an organisation (Rosson and Brooks, 2004; Baker and Balmer, 1997; Van den Bosch *et al.,* 2005); to present the physical facet depicts sophistication. Rowden (2000) suggests that a typeface is the voice of character and "the best typography has grace and a certain invisibility" (p. 185). According to aesthetics research, there is a connection between a typeface's characteristics and the influence of typeface design characteristics on consumer responses (Childers and Jass, 2002). Typeface design can rely on an understanding of a particular cultural heritage, which can be lost in other cultures (Doyle and Bottomley, 2002; Gabrielsen *et al.,* 2000; Van Riel *et al.,* 2001). Childers and Jass (2002, p. 2) mentioned corporate typeface as "the art or skill of designing communication by means of the printed word".

The preliminary evidence indicates that the design dimensions (harmony, elaborateness, and naturalness) are significant for understanding reactions to typeface (Henderson *et al.,* 2004; Van der Lans *et al.,* 2009). According to Childers and Jass (2002), the choice of a typeface can manipulate the meaning of that word and helps the audience to understand what the new organisation stands for and to where it is leading. Companies use typefaces as letters to communicate ideas to consumers. The voice used in this communication is the dress or physical appearance of the written words, and typefaces are used to verbalise to the customer on occasions when the spoken word is not feasible.

Both academics and practitioners indicate that typeface design influences the perceptions of advertised brands, memorability, and readability (Childers and Jass, 2002; Henderson *et al.,* 2004). Readability can be defined as how easily we can

comprehend text by recognising the words as shapes. Researchers assert that typefaces can have an effect on the suitability of a typeface for different products and companies (Henderson *et al.,* 2004; Pan and Schmitt, 1996). According to Mollerup (1999), a certain typeface may be able to refer to a certain trade or may relate to the company or the product in question. If this reference only exists because of agreement or habit, then the typeface is arbitrary (p. 109). Hagtvedt (2011) investigates the influence of incomplete typeface logos on consumer perceptions of the firm and demonstrates that, although incomplete typeface logos have an unfavourable influence on perceived firm trustworthiness, they have a favourable influence on perceived firm innovativeness. Furthermore, incomplete typeface logos have an unfavourable impact on the overall attitude toward the firm.

The authors (Hutton, 1987, 1997; O'Leary, 1987; Solomon, 1991; Somerick, 2000; Spaeth, 1995; Tantillo *et al.*, 1995) state that a typeface can create significant impressions and an optimistic image with the public. Spaeth (1999) discussed how firms change their company's logo, it is necessary to modify the company's typeface, which helps to communicate their company's goals (Henderson *et al.,* 2004). Some researchers stated that fonts and name can possess an inherent meaning (Bottomley and Doyle, 2006; Klink, 2003). The company's message should communicate consistency and, since a logo cannot communicate by itself, it is appropriate to generate a written communication.

Managers should select typefaces that support strategically valued impressions. A well-chosen typeface marks a company's identity by supporting other elements of corporate visual identity systems (Jenkins, 1991; Kapferer, 1992). Typefaces can increase the likelihood of achieving greater visibility (Melewar and Saunders, 2000). According to marketing researchers, a typeface plays a key role in distinguishing an organisation's visual identity and can become characteristic enough that they can appear on their own without a symbol, such as Coca Cola. Solomon (1986) defines it as: "the art of mechanically producing letters, numbers, symbols, and shapes through an understanding of the basic elements, principles, and attributes of design" (p. 8).

As mentioned in the literature review (see section 2.4.1), marketing researchers (Hutton, 1987; McCarthy and Mothersbaugh, 2002) state that a company's typeface is

the most important part of the organisational and communication objectives (Henderson *et al.,* 2004). The corporate typeface is expressed through the corporate visual identity or the corporate logo (Henderson *et al.,* 2004) and espoused by the managers (Abratt, 1989; Leuthesser and Kohli, 1997). Childers and Jass (2002) believe that the effects of typefaces at the consumer level are not very well understood, when there are so many typeface choices available. Typefaces create important and strategic impressions, and a positive image (Henderson *et al.,* 2004; Hutton, 1987, 1997; O'Leary, 1987; Solomon, 1991; Somerick, 2000; Spaeth, 1995; Tantillo *et al.,* 1995). Moreover, researchers discuss the appropriateness of a typeface for different products (Henderson *et al.,* 2004; Pan and Schmitt, 1996; Walker *et al.,* 1986), and argue that typefaces may influence on company's financial performance (Bloch, 1995; Henderson *et al.,* 2004; Hutton, 1997; Wallace, 2001).

In summary, drawing on the literature above, it is concluded that the typeface of an organisation refers to visual perceptual property of a company, which is the art, or skill of designing communication by means of the printed word (Childers and Jass, 2002; Henderson *et al.,* 2004; Hutton, 1987; McCarthy and Mothersbaugh, 2002; Pan and Schmitt, 1996; Tantillo *et al.,* 1995).

### 2.4.2. Defining colour

Today, companies realise the value and power of a logo and its colour to classify their products or services and differentiate themselves from other companies or products as well as communicate information about their quality, value and reliability. Colour "induces moods and emotions, influences consumers' perceptions and behaviour and helps companies position or differentiate from the competition" (Aslam, 2006, p. 15). Lichtle (2007) states the possible interactive effects between colour and an individual's mood before viewing the advertisement. Jenkins (1991, p. 163) states that colour is an expressive tool in terms of visual identity and depends for its effort on two quite distinct considerations: 1) an association with natural phenomena, and 2) an association with received cultural references (Baker and Blamer, 1997). Colours can affect and persuade responses based on both instincts and associations and can predict consumer behaviour (Aslam, 2006). Consumer behaviour research states that communication impacts on individuals' behaviours and attitudes (Brown and Reingen, 1987).

Colour is significant and research has shown that it can elicit different responses from people (Bellizzi and Hite, 1992). Colour helps products stands out from the crowd (Tavassoli, 2001). It has a powerful effect and causes reactions based on instincts and associations that sustain corporate identities (Madden *et al.,* 2000) and consumer perceptions (Grossman and Wisenblit, 1999). Colour is instrumental in attracting the consumers' attention towards the corporate logo. Colour has been associated with various consumer rituals (Bellizzi and Hite, 1992). Sophisticated colours denote elegance and intimate communication. In addition, well-chosen colours in corporate logos contribute to the exchange of meaning between the sender and the receiver in the process of their perception and processing of an incoming message.

Bellizzi and Hite (1992) described the use of multiple senses when understanding and reacting to stimuli colour. People often "like stimuli more as familiarity increases" (Laroche *et al.,* 1996, p. 116). Research on colour shows that it can draw different responses from people and is an expressive tool in corporate visual identity and its connection with natural phenomena and received cultural references (Jenkins, 1991). Gabrielsen *et al.* (2000) showed that people have an ability to distinguish between design elements, and colour yields the strongest results. Colour also affects other corporate visual identity elements, for instance, typeface (Henderson *et al.,* 2004). It is centred on the symbolic workings of form and colour.

Colour is a language that is essential for religious or cultural reasons in some countries. It induces emotions and moods, influences consumers' perceptions and behaviour, and helps a company position or differentiates itself from the competitors (Aslam, 2006). Moreover, colour is an element of corporate visual identity (Alessandri, 2001; Balmer, 2001; Melewar and Saunders, 2000; Van den Bosch *et al.,* 2005). Hatch and Schultz (1997) believe that logo and colours create a monolithic identity for the firm, and are big contributors, which affect perceptions. Hite and Fraser (1988) found that the colour of an advertisement can increase the level of localisation. On the other hand, Tavassoli (2001) inspected the effect of printing brand names in colour and found that colour did not have a strong effect on brand name ratings.

Research on corporate strategy states that colour as a corporate promotional element

applied across business units over extended periods (Aaby and McGann, 1989) helps to reflect the company's value, the values of each country's mission statement, strategy and company characteristics (Baker and Balmer, 1997; Seifert, 1992) to stakeholders. Companies use appropriate colours to send signals to their audiences and to support a company's image by aiding visual recognition to create a competitive advantage (Balmer and Gray, 2000). The symbolisms of colours are an essential part of the global marketer's encyclopaedia (Cateora, 1990). Colours are a vital element of a corporation and have a powerful application in marketing communications. The physical appearance of a brand is communicated through the corporate logo and its colour. Colour helps the firm to create a position or brand differentiation in the market from its competitors and environment (Schmitt and Pan, 1994). It also has an influential effect and provokes reactions based on instincts and associations that can sustain corporate identities (Madden *et al.,* 2000) and customer perceptions (Grossman and Wisenblit, 1999). Colour as instrument can attract consumers' attention towards the corporate logo.

Colour appropriateness was tested by Bottomley and Doyle (2006) to demonstrate the "effects of colours and products on perceptions of brand logo appropriateness" (p. 63). It was found that colours were more significantly congruent with products. The results also show that blue logos were more suitable than red logos for brands which need to be promoted a functional image. Furthermore, red logos were more appropriate for brands promoting a sensory social image. Madden *et al.* (2000) explored inter-cultural dissimilarity in consumer preferences for colours and colour combinations for product logos. The choice of colours should be related to the aesthetic sense of the customer's culture rather than the marketer's culture.

The selection of colour in a corporate logo is dependent on its cultural values, marketing objectives, desired customer relationship levels with the firm, and corporate communications. Colour preferences require high-involvement decisions (Grossman and Wisenblit, 1999). Furthermore, the product quality is a critical determinant for consumer satisfaction and the visual appearance of the brand is also important. According to Wheeler (2003), "colour is used to evoke emotion, express personality, and stimulate brand associations" (p. 84). Ughanwa and Baker (1989) state that colour can influence design in three main ways: 1) centre of attention, 2)

separation/association, and 3) proportion and orientation.

Studies on colour state that colour reactions could be of native or instinctual origin and of learned or associative origin (Humphrey, 1976). This school of thought argues that colours could signal the brain to activate an effective response and could share effective meanings over time (Osgood *et al.,* 1957). On evaluative scales, there is an important communication between colour and product to reinforcing the needs.

In addition, colour can communicate the positioning of the firm and is a major cue for highlighting information to draw attention, which is effective in motivating individuals to react in certain ways. The significance of different colours is vital and it is necessary to explore the meaning and effects before launching the product or using the colour on corporate logos and media. Different cultures have different colour meanings and visual appeals to communicate with the audience. Simple colours are intense and vibrant, as seen in traffic signs. Research on colour shows that colour can draw different responses from people and is an expressive tool in corporate visual identity and its relationship with natural phenomena and received cultural references (Jenkins, 1991).

Bottomley and Doyle (2006) investigate colour appropriateness and demonstrate the "effects of colours and products on perceptions of brand logo appropriateness" (p. 63). The test by Gabrielsen *et al.* (2000) showed that people have some ability to distinguish between design elements and colour gives the strongest result. The use of colour requires an understanding of hue (blue, red, etc.) and value (light to dark). It is the value that creates legibility and contrast. Shepard and Cooper (1992) agree that visual abilities are divided into acuity, motility, brain functions, visual fields, and light and colour reception. According to Bellizzi *et al.* (1983), large sections of the colour research on packages, products, and advertisements remains unpublished because of competition in the world (how does colour influence brand logo perception?). Drawing on this discussion, the colour concept can be defined as follows:

Colour is a medium of communication and is an integral element of corporate and marketing communications, which induces emotions and moods, impacts on consumers' perceptions and behaviour, and helps organisations position or differentiate themselves from competitors (Aslam, 2006; Tavassoli, 2001).

### 2.4.3. Defining design

Logo design is becoming more and more important as a means of differentiation to distinguish companies from their competitors. Logo selection is a challenge for an organisation (Henderson and Cote, 1998) and a well-designed corporate logo allows for easy recognition and quick association. A logo is vital in terms of what it is able to communicate about the company in the market and to its customers.

The corporate logo has the potential to express formal characteristics (Van Riel *et al.,* 2001) and these characteristics, developed by Henderson and Cote (1998), are dependent upon the firm's objective. Cohen (1991), Peter (1989), Robertson (1989) and Vartorella (1990) believe that a well-designed corporate logo and all desired goals are high on correct recognition, effect, and a familiar, clear meaning. Bloch (1995) stated that corporate logo perception can be an aesthetic response and creates an essential component of stimulus that can draw the attention and emotional reaction of consumers (Berlyne, 1971; Bloch, 1995; Lewalski, 1988; Veryzer, 1993).

Henderson and Cote (1998) have developed a set of guidelines for selecting and modifying corporate logos to help firms select a logo that evokes the desired responses from their target customers, thus helping them to distinguish between the different corporate logo objectives. Corporate logos have main three characteristics, which are high recognition, low-investment and high-image communication objectives. Henderson *et al.* (2004) studied typeface and developed four measures and guidelines to help managers select typefaces that strategically valued impressions. They discussed the potential trade-offs among the impressions created by a typeface, such as engaging, pleasing, reassuring and prominent, and they researched the effect of elaborate, harmonious, flourished, weighted, compressed and natural typefaces. Research on design has focused on specific audiences (Henderson *et al.,* 2004).

Design characteristics affect reactions towards logos (Henderson and Cote, 1998). Henderson and Cote (1998) found that the design of logos consists of three major dimensions: naturalness, elaborateness and harmony. Corporate visual identity managers need a simple guideline to manage visual elements of their marketing stimuli. The following section describes the design characteristics, such as natural,

representativeness, organic, elaborate, complexity, active, depth, harmony, symmetric, balance, parallel, proportion and repetition, which are essential for designing logos, and the influence on consumers' responses towards the logos, and the impact of degree of recognition, clear meaning and subject familiarity, and effect (Henderson and Cote, 1998).

In addition, mergers, acquisitions, restructuring, changing geographical emphasis, marketplaces and take-overs may lead to a new corporate logo (Balmer and Dinnie, 1999; Melewar, 2001; Rosson and Brooks, 2004). Companies change their corporate logo, because of strategy change (Brun, 2002; Olins, 1978; Van Riel and Van Hasselt, 2002), and corporate identity change (Huppatz, 2005; Melewar and Akel, 2005; Van den Bosch *et al.,* 2006). Organisations modify their logo to construct a new positive image (Henderson and Cote, 1998; Napoles, 1988; Stuart and Muzellec, 2004) and to modernise the corporate visual identity (Van den Bosch *et al.,* 2006). In addition, several researchers have made assumptions about the effects of corporate logo changes (Brun, 2002; Melewar and Akel, 2005; Melewar *et al.,* 2005). However, there is no empirical confirmation to support their views.

Martinez (2006) clarified the distinction between coats of arms and logos, and the elements clearly belong to the two distinguishable categories; though, their design generally coincides, making this separation indistinct. He added that coats of arms are elements mainly based on heraldic rules, with a design that belongs to a particular group of people, to be used by them in a wide variety of ways. All matters relating to the duties and responsibilities connect the institutions closely to territory (place) and history (time) by using calligraphic designs.

Aesthetic appeal is an element of corporate logo design. "A positive association could be an aesthetically pleasing visual presentation of the firm's logo" (Alessandri, 2001, p. 179). The visual aesthetic is a crucial element of corporate marketing and the identity building process, which creates a positive effect (Schmitt and Simonson, 1997). This object draws attention to its beauty and attractiveness.

The response to corporate logo design is related to various aspects of non-conscious processing including the formation of an individual's sensitivity to stimuli (Seaman *et al.,* 1983; Lewicki, 1986; Veryzer, 1999) and implicit exposure effects (Berlyne, 1971;

Harrison, 1977; Veryzer, 1993, 1999). The theory of aesthetic, by Verzer (1993), describes responses analysed on non-conscious processing of visual stimuli. The role of non-conscious algorithms in the observation of a range of design aspects has been studied by Lewicki (1986). Veryzer (1999) presented a theory of aesthetic response. Aesthetics is the sensitive selection or appreciation of formal, expressive, or symbolic qualities of the environment or product, which can provide non-instrumental benefits that effect on consumers' satisfaction or pleasure.

Pythagoras was the first of the great teachers of ancient Greece discovered the divine proportion, and the ancient Greeks followed him in using it but, surprisingly, there was no name for this fundamental proportion of Nature until, early in the sixteenth century, when Pacioli (1445-1514), a geometer, rediscovered the golden secret. Pacioli published a book entitled *De Divina Proportione,* which was illustrated by Leonardo da Vinci in 1509, and this was the first to propose the golden ratio. Renaissance artists used this 'divine proportion' to design paintings, sculpture and architecture (from the Mona Lisa to the Parthenon and the great pyramids, which are the finest example of proportion in the history of architecture). The term 'golden section' was first used by Martin Ohm in 1835 (Livio, 2002, p. 6).

Using divine proportion as a guide to compositions can improve design communication by creating a natural language that understands which artefacts are most pleasing to the human eye. The divine proportions, golden mean and golden sections are expressions of the same concept (Pittard *et al.,* 2007). Henderson and Cote (1998) emphasise that the divine proportions used in art throughout the centuries have been used as a measure of proportion, and preference is dependent on whether the stimuli are orientated on the horizontal or vertical axis (Pierce, 1894). Practical information is available as to how to create designs based on simple rules and logical thought, rather than just a feeling.

According to Pittard *et al.* (2007), culture has no important influence on respondent preference for the divine proportion. However, the level of uniqueness in a society is a key value to designing an aesthetic strategy. Ewing (2006) and Pittard *et al.* (2007) believe that the nature of a corporate logo is expressed in the divine proportion in three different cultures that react similarly to corporate logo designs when compared with other fields of marketing. The divine proportion's aesthetic primacy in corporate logo

design is confined to designing characteristics and natural phenomena, which provide a bridge across cultures (Pittard *et al.,* 2007). Schechter (1993, p. 34) states "image contribution is the degree to which a logo design influences perception of a company or brand name as trustworthy and reputable, offering high quality, a product (or service) for today's lifestyles, and a product (or service) I would use" Kohli *et al.* (2002) believed that a logo design should be carefully chosen, since "a strong image may take a long time to build but an even longer time to shed" (p. 62). Giberson and Hulland (1994) stated that since the product category is cued in a logo and the logo is retrieved quicker from memory.

In addition, developing a corporate logo as an important element of the corporate visual identity raises issues such as strategic choices and corporate identity (Baker and Balmer, 1997; Balmer and Dinnie, 1999; Van den Bosch *et al.,* 2006). A corporate logo aims to increase organisational visibility in order to communicate corporate strategy (Van Riel and Balmer, 1997). When the strategy is known, the company's logo tries to fix it in the memory and the company becomes distinctive in the minds of the consumers and public.

The connection between elements of an organisation and the design of a company's logo has significant communicative value. For this reason, a well-designed logo reflects the "big picture, and ensures consistency over time and between the various elements" (Kohli *et al.,* 2002, p. 62). Drawing on the argument above, in this study design is defined as following:

Design is a creative process that conveys a message or creates effective communications for companies (Andriopoulos and Gotsi, 2001).

### 2.4.4. Defining the corporate name

It may be easy to assume that a corporate logo identifies its company or product by reading its corporate name. Marketing and design researchers (e.g. Hatch and Schultz,

1997; Henderson *et al.,* 2003; Melewar, 2003; Napoles, 1988; Siegel, 1989) have been devoted more attention to the name of the company as a component of the logo. Psychologists, economists and sociologists have given attention to names by researching symbology to develop theories on the power of logos and names to evoke attention and demonstrate desired responses (Koku, 1997). Moreover, scholars and researchers have also shown their interest and focused on the implications of a corporate name or change in name. Bernstein (1984) states that the corporate name is inextricably linked to the company's promised and expected attributes.

Corporate names are intangible assets, which the company can use as a significant competitive advantage among its competitors. The corporate name is seen as a significant and central part of any marketing programme. The company's name can position the firm in the minds of stakeholders (Selame and Selame, 1988). It can summarise the company's reputation and develop into a valuable asset. From a marketing perspective, the corporate name is one of the elements of corporate visual identity (Chun, 2005; Dowling, 1994; Melewar and Saunders, 1998). Gray and Balmer (1998) state that a company's name is the main element of the organisation's communication system (Koku, 1997).

Poon and Fatt (1997) state that the corporate name is the most recognisable element of the corporate identity, which should be identifiable by customers. Recognition/association is "the degree to which the logo's visual elements are associated with the company or brand, and conversely, the degree to which mention of the name calls to mind the logo's visual elements" (Schechter, 1993, p. 34).

The corporate name should be acceptable internationally and free of embarrassing meanings in major foreign languages (Margulies, 1977). When "companies begin to operate on an international basis, the image that they acquired as national producers often becomes inappropriate" (Melewar and Saunders, 1998, p. 291). Global companies should manage their corporate identity carefully on an international basis.
Researchers have found that corporate visual identity strongly indicates the corporate name (Bernstein, 1986; Dowling, 1994; Melewar and Saunders, 1998) and for this reason, employees should be aware of a company's logo and its meanings (Simoes *et al.,* 2005). The corporate name is a context within which an interpretation of corporate

identity can form and influence the corporate image through cultural artefacts (Hatch and Schultz, 1997). Managers play a significant role in the development of the organisation with physical artefacts increasingly becoming part of the vocabulary of management thinking that exists at a visible level of the organisation (Abratt, 1989).

Moreover, it can help to shape the consumer's expectations and in turn influences the corporate image (Gray and Balmer, 1998). According to the researchers (Baker and Balmer, 1997; Balmer *et al.,* 2007), corporate identity for many people is synonymous with the corporate logo and company name. Childers and Houston (1984) and Lutz and Lutz (1977) acknowledged the main characteristics of brand symbols that may affect brand name awareness. The name could express a distinct message and quality of the organisation to consumers and is the foundation of distinction for an organisation. Peterson and Ross (1972) pointed out that corporate names are a means of communication between corporations and consumers, therefore, are objects of communication. Changes of corporate names should clearly communicate the steps that the company has taken to improve their quality and performance to the public and how the new company is different from the old.

A logo has multiple communication objectives and has an impact on name awareness (MacInnis *et al.,* 1999). The corporate name is the most identifiable element of the corporate identity (Lippincott and Margulies, 1988; Poon and Fatt, 1997). It is vital in building up a firm's acceptance and global recognition (Jefkins, 1990; Smith, 1990), helping to shape the consumer's expectations when creating a corporate image (Gray and Balmer, 1998). However, according to Baker and Balmer (1997), corporate identity for many people is synonymous with a corporate logo and the company name.

Meaningful names that are represented visually are easier to remember (Childers and Houston, 1984). Words and graphics convey clearer visual statements. A name could express a distinct message and the quality of the organisation to consumers and is the basis for distinguishing between one organisation and another. Peterson and Ross (1972) pointed out that corporate names communicate between corporations and consumers, and name changes become objects of communication. A corporate name should clearly communicate the steps that a company has taken to improve its quality

and performance to the public and indicate that the new company is different from the old.

Klink (2003) examined the connection between a brand name and its mark and found that when the brand mark is consistent in design with the brand name, it can communicate and improve the planned brand meaning. The role of the corporate logo and corporate name are help to identify a company through its design to increase recognition speed (Kohli *et al.,* 2002). They state that content and style are two features of logo design. Content features concentrate on the graphical and worded elements in a logo and style focuses on how these elements are formed.

Changing a corporation's name is increasingly common. For instance, Federal Express (cargo airline) changed to FedEx (Koku, 1997). Horsky and Swyngedouw (1987) studied the effects of name change on banks and believe that a corporate name change can enhance the value of a firm. Firms should make their corporate name synonymous with the firm's image and an assurance of quality that encourages consumers to differentiate their companies against their competition (Brachel, 1999). The name of a company can express confidence to the consumers and provide value (Grace and O'Cass, 2002).

According to Mollerup (1999), the understanding of proper names is arguable, because a proper name can be classified as a symbol and does not say whether a person with that name is the founder, the owner, a relative (Mercedes), or something else (p. 112). *Descriptive names* explain what the business is about (Mollerup, 1999, p. 113). *Metaphoric names* reveal the nature of the industry indirectly and refer to its object through a shared quality (Mollerup, 1999, p. 114). A *found name* is an already known word, which has no natural relation to the company, or the product it stands for (Mollerup, 1999, p. 115). *Artificial names* are completely new words coined for the company or product they represent (Mollerup, 1999, p. 116). *Abbreviation names* are used when a company name is too long, such as ABC or BBC (Mollerup, 1999, p. 117). A company's name can be established or determined by the phonetic content of an abbreviation of the original name (Mollerup, 1999).

The five name categorisations by Kohli and Thakor (1997) are "generic (soap for soap),

descriptive (Laser jet for printers), suggestive (Eveready for batteries), arbitrary (Camel for cigarettes) and coined (Exxon for gas)" (p. 208). Suggestive and descriptive names are strong and create an immediate image; they need less advertising than arbitrary and coined names (Kohli and Thakor, 1997). However, arbitrary and suggestive names have more benefits, because they do not tie to an organisation or specific product and can therefore be easier to transfer to other products (Kohli and Thakor, 1997). O'Shaughnessy and O'Shaughnessy (2000) assert that a "name has an aura for innovative products throughout the world" (p. 61). Selecting names must help to inspire belief in the stability of the firm (Selame and Selame, 1975), represent the organisation's field of action and play a central role in the brand hierarchy.

The studies by MacInnis *et al.* (1999) show that brand name and symbols signify effective communication tools to communicate identity or corporate structure to stakeholders (Olins, 1989). "Consumers would prefer products that have a brand and a corporate name" (Saunders and Guoqun, 1996, p. 30). The use of a company's name assists products in the early days and the association of organisation and brand name increases the general value later on. The use of a business name in the brand could help to increase the customer's perception of the brand and a preference for it. If corporate branding promotes the corporate name, it could help to create more value.

In many cases the corporation is the brand. IBM or Christian Dior, for instance, use their corporate name across their product range. Firms want their logos to be synonymous with their names and creating a logo serves as shorthand for the company that can grasp peoples' interest. A company name should be internationally understandable, unique, easy to recognise and associated with a logo. Most companies start adopting English names to improve quality perception and create a global image (Henderson *et al.,* 2003). Name is one important factor in advertising, when consumers know little about the company or product (Brown and Dacin, 1997). If the company does business with foreign consumers, the corporate name should function internationally to gain the opportunities that a name can provide.

Language can affect corporate names and the majority of international companies are concerned about the language they use for their company name (Melewar and Saunders, 1999). Language is the primary manifestation of culture. The careless selection of a

name can invite disaster in the target audience and should be selected with care (Melewar and Saunders, 1999).

Drawing on this discussion, it can be concluded that the definition of corporate name is the most pervasive element in corporate and brand communications that identifies a company and increases recognition speed (Henderson and Cote, 1998; Kohli *et al.,* 2002; Schechter, 1993).

## 2.5. DEFINING THE CORPORATE IMAGE CONCEPT

Discussion around the concept of corporate image developed in the 1950s and was captured by various scholars and practitioners (Balmer, 2001; Balmer and Greyser, 2006; Bick *et al.,* 2003; Kennedy, 1977). Definitions of corporate image in early works are rather confusing and blurred; researchers (Balmer, 2001; Gioia *et al.,* 2000) do not agree upon the definition and the operationalisation of the term. However, study of the concept is important because the corporate image is a valuable asset that companies need to manage (Abratt and Mofokeng, 2001).

Some authors use the corporate identity, organisational identity, organisational image, corporate image, and corporate reputation interchangeably (Bick *et al.,* 2003; Simoes *et al.,* 2005). Then, many researchers discovered a broad range of perspectives to expand and understand these concepts and defined it differently from each paradigm. For example, marketing literature focuses on customers and the corporate image represents the beliefs, associations, attitudes, and impressions held by customers (Belt and Paolillo, 1982; Keller, 1993). According to O'Shaughnessy and O'Shaughnessy (2000), "the term image is used loosely in marketing as a synthesis of impressions" (p. 57). A corporate image can vary within different geographical marketplaces or within the same market (Dowling, 1986). The corporate image focuses on perceptions of the organisation's members, customers, stakeholders and the media (Hatch and Schultz, 2003).

The marketing literature stresses that corporate image is the image that external audiences have of an organisation (Abratt 1989; Bromley 1993; Chun, 2005).

Marketing scholars focus on corporate brand and claim that a corporate image that has been referred to as being most admired is about delivering what is promised to multiple audiences (Balmer, 2001; Balmer and Soenen, 1999; Henrion and Parkin, 1967; Keller, 1999, 2003). The graphic design school relied on the work of practitioners (Carter, 1982; Olins, 1991; Pilditch, 1970) and related to the possible forms of a company's physical identification (e.g. corporate logo), transmitting the way in which an organisation is understood by its public (Carter, 1982). According to social identity theory (Tajfel and Tumer, 1985) identification can be "viewed as a perceptual cognitive construct" (Ashfort and Mael, 1989, p. 21).

Balmer (1998) states that graphic designers and practitioners have viewed the corporate image as a product and "how an organisation communicates an image through a name and/or icon" (p. 966). Definitions such as those offered by the organisational perspective are different from the marketing literature (Hatch and Schultz, 1997). They stress that, "image is not what the company believes it to be, but the feelings and beliefs about the company that exist in the minds of its audiences" (p. 359). Organisational studies indicate its influence within organisations by focusing on the internal members of an organisation and their perceptions of their organisation's identity (Hatch and Schultz, 1997; Whetten and Mackey, 2002). Image is an intangible and important part of the creation and success of a company. However, Kennedy (1977) states that corporate image relates to tangible and intangible characteristics.

Marketing authors stress the external foundation of the image and refer to the corporate image concept through two different viewpoints. First, it refers to a corporate image as an individual's total impression of an organisation that is held by several segments of the public (Dowling, 1986; Hatch and Schultz, 1997). Second, a stream of authors uses the terms corporate image to mean: "a construction of public impressions created to appeal to an audience. This implies that image is intentionally manipulatable by insiders for the consumption of outsiders, it is not merely an attempt to infer outsiders' perceptions" (Hatch and Schultz, 1997, p. 359).

According to social identity theory from the organisational point of view, corporate image is what an organisation's managers want external stakeholders to perceive about

the organisation or what an organisation's employees believe external stakeholders perceive from the organisation (Dutton *et al.,* 1994; Hatch and Schultz, 1997).

Brown *et al.* (2006) stated that it is difficult to define the image concept within its own parameters. The concept of the corporate image is a set of general characteristics, feelings or impressions, experiences, beliefs, knowledge that each stakeholder has about an organisation (Margulies, 1977; Bernstein, 1986). A corporate image is the perception of how the organisation is influenced by corporate identity; the way the company actually exists or is, and a strong corporate image gives the company a long-term sustainable competitive advantage. Corporate image is "three commonalities: first, that image is an impression or perception located in the minds of stakeholders; second, that different groups form different images; and third, that image is an 'overall' or gestalt impression" (Stern *et al.,* 2001, p. 213). Karaosmanoglu and Melewar (2006) defined the corporate image as the set of meanings by the known object through which public describe, remember and relate it, which is a result of the interaction of a person's ideas, feelings, beliefs, and impressions. Dacin and Brown (2002) defined the term 'corporate associations' as, "any types of beliefs, moods and emotions, evaluations etc., about an organisation that are held by individuals and that are mentally associated with the organisation. Corporate associations may (or may not) include individuals' interpretations of the corporate identity desired by an organisation's managers. In essence, corporate associations represent how individuals think and feel about the organisation" (p. 254). Brown and Dacin (1997) defined corporate associations as: "a generic label for all the information about a company that a person holds" (p. 69).

A corporate image consists of functional quality and psychological attributes (Martineau, 1958) and can be analogised between the corporate and human personality. Moreover, the corporate image is the image connected with the name of the organisation. It is related to public image or organisational image, what an organisation's managers want external stakeholders to perceive about the company (Hatch and Schultz, 2003) or what their staffs believe is the external stakeholders' perception of the organisation (Dutton *et al.,* 1994; Hatch and Schultz, 2003).

Drawing on the argument above, in this study corporate image is defined as the following:

Corporate image is the immediate mental picture an individual holds of the organisation. It can materially affect individuals' sense of association with an organisation and is likely to have an impact on behaviour (Balmer *et al.,* 2011; Karaosmanoglu *et al.,* 2011).

In the next section, the definition of corporate reputation is provided to clearly state the proposed conceptual difference between corporate image and corporate reputation.

## 2.6. DEFINING THE CORPORATE REPUTATION CONCEPT

Even though discussion about the conceptualisation of corporate reputation has been on the agenda of marketing academics and practitioners for the past five decades (Dowling, 2002; Markwick and Fill, 1997), the terms 'corporate identity' and 'corporate image' is used interchangeably with 'corporate reputation' and researchers have adopted different, sometimes even contradictory definitions for the concept in a business context. The main aim of corporate identity is to create and develop a positive reputation among organisational stakeholders. According to Kotler (1997), identity "comprises the ways that a company aims to identify itself or position its product" (p. 292). O'Shaughnessy and O'Shaughnessy (2000) state, "image influences attitudes toward its products" (p. 56). Image has an external foundation since it refers to the way in which the public perceive an organisation and/or its selling elements (Dibb *et al.,* 2001; Hatch and Schultz, 1997; Kotler, 1997). Herbig and Milewicz (1994) claim that corporate reputation represents an image endowed with a judgment and is underpinned by an entity's willingness and ability to consistently undergo an activity or action. Dutton and Dukerich (1991) go further by defining identity, image and reputation as:

> "An organisation's identity describes what its members believe to be its character; an organisation's image describes attributes members believe people outside the organisation use to distinguish it. Organisational image is different from reputation: reputation describes the actual attributes outsiders ascribe to an organisation, but image describes insiders' assessments of what outsiders think. Both organisational image and identity are constructs held in the organisation members' minds" (p. 457).

Marketing studies consider the brand/corporate image and/or corporate reputation to indicate that corporate reputation is perceived as a dynamic concept, which takes time to build and manage (Gotsi and Wilson, 2001). Corporate image affects corporate reputation (Balmer, 1997, 1998, 2001; DeChernatony, 1999; 2001; Fombrun, 1996; Fombrun and Shanley, 1990; Gray and Balmer, 1998). Gotsi and Wilson (2001) concluded that corporate reputation is:

"A stakeholder's overall evaluation of a company over time. This evaluation is based on the stakeholder's direct experiences with the company, any other form of communication and symbolism that provides information about the firm's actions and/or a comparison with the actions of other leading rivals" (p. 29).

A favourable corporate reputation has a positive impact on the profitability of a company (Chun, 2005), retains customers and is associated with greater overall returns (Roberts and Dowling, 1997). Corporate reputation can attract high-quality employees (Fombrun and Shanley, 1990) and the corporate audience relies on the corporate reputation when making investment decisions and product choices (Dowling, 1986; Fombrun *et al.,* 2000) as the reputation of an organisation impacts on organisational performance (Van Riel and Balmer, 1997).

According to Fombrun and Rindova (1996), the definition of 'corporate reputation' mostly derives from the diversity of relevant literature, which investigates the construct from different disciplinary perspectives (Barnett *et al.,* 2006; Gotsi and Wilson, 2001). For example, from the strategists' point of view, reputations are regarded as accumulations of the history of firms' interactions with stakeholders, which suggest to observers what companies stand for (Dutton and Dukerich, 1991). Accounting researchers define reputation as an important intangible asset. In management studies corporate reputation is interchangeable with image (Schultz, 2002). Marwick and Fill (1997) provide a conclusive definition of corporate reputation as: "observers' collective judgments and repeated impression of a corporation which [is] created over time". Balmer (2001) states that the multiplicity of perspectives requires a would-be researcher in the area: "to show a good deal of perspicacity not only in accommodating

the rich variety of concepts in use, but also in exerting acute vigilance in their assessment of what he or she understands by the concept" (p. 267).

Fombrun and van Riel (1997) have included an evaluative dimension in the definition and defined corporate reputation as: "a collective representation of a firm's past actions and results that describes the firm's ability to deliver valued outcomes to multiple stakeholders" (p. 230). A corporate reputation, it is suggested, calibrates a company's relative standing internally with company's stakeholders externally and externally (Fombrun *et al.*, 2000). Kapferer (1994) states that corporate reputation is important in creating a competitive advantage. Dowling (2002) suggests that the evaluation is based on characteristics: "such as authenticity, honesty, responsibility and integrity evoked from the person's corporate image" (p. 19).

Van den Bosch *et al.* (2006) explored the relationship between corporate visual identity and corporate reputation by using the five reputation dimensions (distinctiveness, transparency, visibility, authenticity, and consistency) drawn up by Fombrun and Van Riel (2004). Corporate visual identity supports visibility in the reputation model through the use of the corporate name and logo. Visibility is a measure of the importance of the brand or company in the minds of customers (Fombrun and Van Riel, 2004). Distinctiveness is the distinctive position of the company in the minds of stakeholders and can be achieved through strategic alignment and emotionally attractive features, and by drawing attention using favourable messages (Fombrun and Van Riel, 2004). The distinctiveness of the design requires significant creativity and must match the corporate strategy. Authenticity tries to create a persuasively constructed corporate identity, followed by external and internal expression (Fombrun and Van Riel, 2004). Authenticity is seen as the real, genuine, accurate, reliable and trustworthy features of the company. Transparency is created by corporate visual identity. Research findings suggest that "the more transparent an organisation is, the more likely it is that stakeholders will rely on its disclosures" (Van den Bosch *et al.,* 2005, p. 112) and increase trust.

Drawing on the argument above, in this study corporate reputation is defined as the following:

Corporate reputation endowed with a judgment and is the overall evaluation of a company over time (Gotsi and Wilson, 2001; Herbig and Milewicz, 1994).

## 2.7. SUMMARY

Today, academics and practitioners alike realise the power and value of corporate logos and their designs for identifying company services or products, for differentiating them from others and also for communicating information about their qualities, values and reliabilities to the consumers. The corporate logo has received momentous attention from both practitioners and academics in the last fifty years. A large body of literature surrounding these areas exists. In this theoretical examination of the corporate logo, the literature described the importance of a corporate logo as an effective means of communication, making a corporate logo's core task to deepen and integrate the company's total image (Henderson and Cote, 1998).

This chapter identified four approaches in the corporate logo domain. The *marketing perspective* concerns the corporate logo through brand management and integrated communications research. The focus is on the management of corporate logo transmitting how a corporate logo is transmitted to the organisation's public. The *graphic design studies* centres on a company's visual identity and refers to the concept of all visual tangible aspects of companies to express the identity of the corporation to various audiences. The *multi-disciplinary approach* places significance on stakeholder communication *and identifies the overlap* in various areas of knowledge. This perspective advocates that corporate logo management should be a tenet across various domains. Finally, the *organisation perspective* acknowledges the internal aspects of identity and its members' identification. This perspective underlines the effect of corporate visual identity on organisational identification.

In the next chapter, the study's conceptual framework will be described and the development of hypotheses will be explained. Then, the relationship between corporate logo and different variables will be elaborated.

# CHAPTER III: CONCEPTUAL FRAMEWORK AND RESEARCH HYPOTHESES

## 3.1. INTRODUCTION

The literature review in Chapter II shows that research on the corporate logo is complicated, and has a number of outcomes depending on the research context and setting. In the present study, the lack of theoretical sources on the corporate logo was resolved by reviewing the logo in a wider context, corporate visual identity, design, and corporate identity literature. The review points out some opportunities for further research. The most important is that, despite its multifaceted nature, academics adopt a single approach when researching the corporate logo. The present study focuses on the corporate logo and its influences on corporate image and reputation at a consumer level.

The previous chapter resulted in the creation of a conceptual model that begins with a set of factors as antecedents to the corporate logo, and illustrates simultaneously the outcomes of the corporate logo. The ten constructs are considered in this study: corporate name, colour, typeface, design, corporate logo, familiarity, recognisability, the attitude towards advertisement, corporate image, and corporate reputation. The following section will depict the proposed consumer-level conceptual framework; a number of hypotheses, which are conceptually related to each other, was investigated and tested. This chapter divided in five sections. The research framework and hypotheses' development present in Section 3.2. Section 3.3 depicts the relationship between the corporate logo and its antecedents. Section 3.4 provides the main benefits of corporate logo. Finally, Section 3.5 offers a summary of conclusions.

## 3.2. RESEARCH FRAMEWORK AND HYPOTHESES' DEVELOPMENT

A corporate logo can add value for stakeholders and must serve as a signature of the company, by clearly connecting the name, design, typeface and colour to the organisation it represents (Carter, 1975, 1976; Henderson and Cote, 1998; Henrion and Parkin, 1967; Margulies, 1977; Melewar, 2003; Olins, 1978, Pilditch, 1970; Selame and Selame, 1975; Schmitt and Simonson, 1997). The management of the corporate logo requires an understanding of the company identity (in terms of the corporate logo as a root of corporate visual identity). Moreover, the methodologies typically used to research visual identity, such as focus groups and interviews, have a number of drawbacks. Various academics and practitioners have voiced their support for more attention on the importance of the corporate logo. This has resulted in an increased volume of conceptual literature on the corporate logo since the 1950s (Balmer and Soenen, 1999; Melewar and Karaosmanoglu, 2006; Napoles, 1988; Van den Bosch *et al.,* 2005).

However, there is still a lack of empirical research concentrating on the corporate logo at a consumer level. According to authors (Deshpande, 1983; Zinkhan and Hirschheim, 1992), the lack of understanding of the subject 'corporate logo' made researchers think about pluralistic study where qualitative methods are used in conjunction with quantitative methods, in order to examine a domain that is unidentified or has received relatively little attention to date.

There are a number of studies (Colman *et al.,* 1995; Hagtvedt, 2011; Henderson and Cote, 1998; Henderson *et al.,* 2004; Foo, 2003) that used experimental methods to gain insights into the logos being investigated. This study is different from previous researches: it builds a conceptual model from the consumer's perception and attempts to elucidate these causal associations amongst the different variables and the role of various factors influencing on corporate logo. Therefore, it aims to conceptually clarify ambiguities that exist in the studies of logos by selecting a number of relevant constructs from the various models with the most favoured approach.

The theoretical framework will serve as the preliminary step of a mixed-method study that quantifies supplements and complements other qualitative studies. In describing the research model, Carson *et al*. (2001) state that the qualitative research is more appropriate when there is a requirement for unfolding what surrounds a phenomenon.

However, in quantitative research, authors (Colman *et al.,* 1995; Hagtvedt, 2011; Henderson and Cote, 1998; Henderson *et al.,* 2004; Foo, 2003) measured logos through an experimental aesthetic but well-validated questionnaire. There has been a lot of research on the importance of the corporate logo as a first step in the process of building up a corporate visual identity that influences the positive image that people hold of a particular organisation (Balmer and Gray, 2003; Napoles, 1988; Olins, 1989).

However, very little research has been done on the impact of corporate logo design on the factors required for designing a suitable logo. The literature shows the significance of the corporate logo as a differentiator to create a favourable corporate image and reputation (Henderson and Cote, 1998; Olins, 1989; Stuart, 1997; Van Riel *et al.,* 2001) and distinguish the company from its competitors (Brachel, 1999). So far no systematic research has been carried out on the influence of corporate logo in relation to corporate image and corporate reputation (e.g. Henderson and Cote, 1998; Pittard *et al.,* 2007; Van der Lans *et al.,* 2009). This study articulates a consumer-level conceptual framework that offers hypotheses regarding the main consequences of the corporate logo.

This study responds to Van Riel *et al.'s* (2001) call for investigating the impact of the specific antecedents of logos on explaining variations in external corporate image and corporate reputation. A framework model has been developed in this research to examine a number of relationships, which are identified in the literature. Creating a consumer-level conceptual framework (Figure 3.1) based on attribution theory demonstrates: (i) the association between the corporate logo concept and its elements that foster or discourage; (ii) its benefits or outcome for corporations; (iii) the relationships between other theoretically and empirically identified variables. The relationships between concepts and the related hypotheses are discussed in the following section. Based on prior studies and the insights gained from current field research, the conceptual framework and various propositions merit further study.

**Figure 3.1: The conceptual framework**
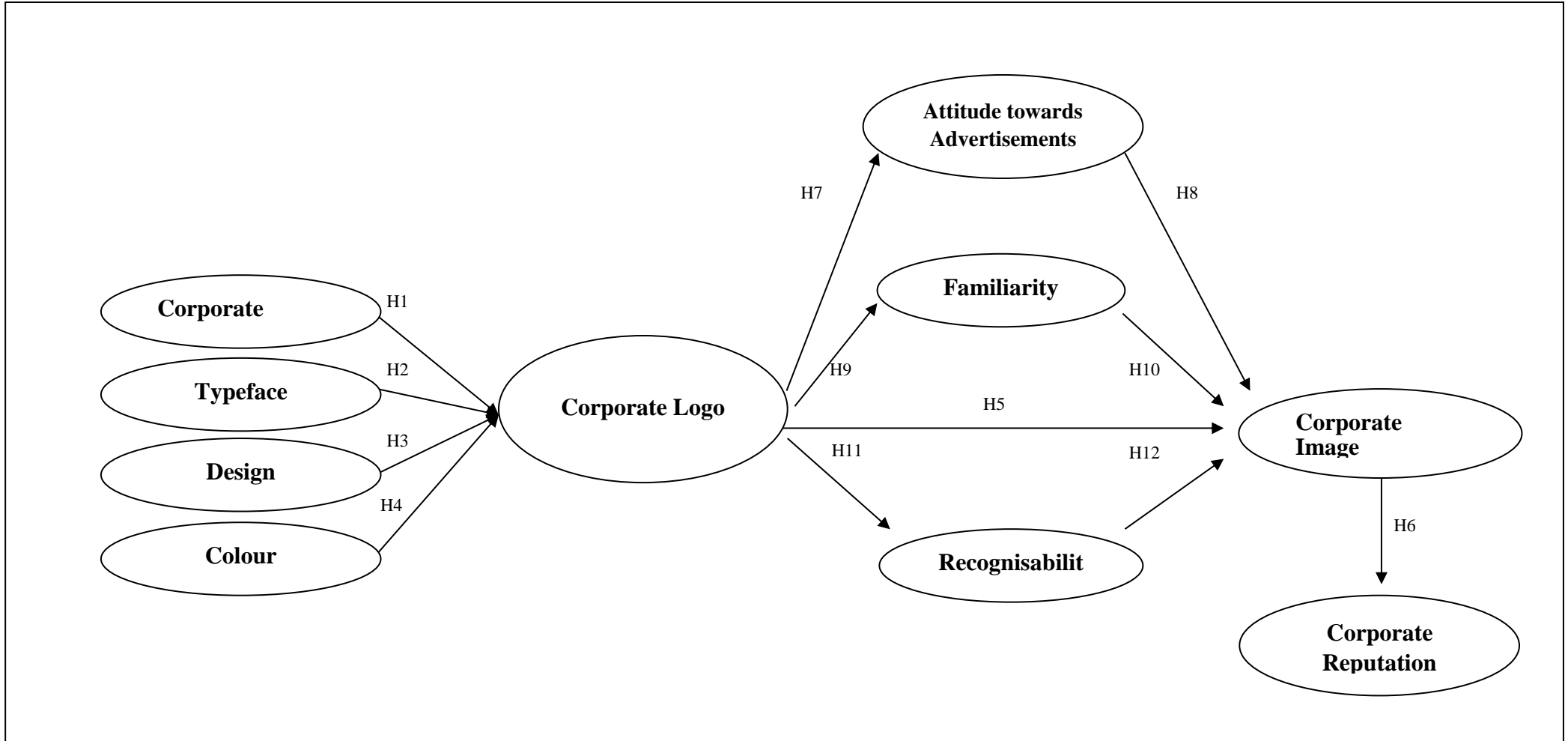
## 3.3. THE CORPORATE LOGO AND ITS ELEMENTS

The main elements of the corporate logo are those factors that predict, foster or weaken the perceived corporate logo during consumption. The review of the literature exposed four factors that contribute to creating a favourable corporate logo. The findings specified that some factors are used by customers as cues to predict their impression of corporate logo such as: corporate name, colour, design, and typeface. The following section will discuss these factors.

The corporate logo (as a major element of corporate visual identity) is the key vehicle of a business (Dubberly, 1995) for communicating corporate identity to its audience (Berry, 1989; Luo, 1993; Melewar, 2001; Morrow, 1992; Whittlesea *et al.,* 1990) in order to sustain competitive advantage. As mentioned earlier in the literature review (see Chapter II), some authors, in their research on the logo, have raised the issue that research is not enough and needs improvement. Marketing and design researchers (e.g. Hatch and Schultz, 1997; Henderson *et al.,* 2003; Melewar, 2003; Melewar *et al.,* 2006; Napoles, 1988; Siegel, 1989) have devoted attention to the name of the company as a component of the corporate logo. Selame and Selame (1988) note, "the first impression of a company is often its name and logo" (p. 131).

Melewar *et al.* (2006) emphasised that corporate identity extends beyond the corporate logo and corporate name, though they are the most pervasive elements in brand and corporate communications (Henderson and Cote, 1998; Schechter, 1993), and play an essential role in the communication of the desired positioning strategy (Van Riel *et al.,* 2001). The corporate name, as the most identifiable element of the corporate identity (Lippincott and Margulies, 1988; Poon and Fatt, 1997), can build up a firm's acceptance and global recognition (Jefkins, 1990; Smith, 1990) by helping to shape the consumer's expectation of the corporate image (Gray and Balmer, 1998).

Words and graphics convey clear visual statements. The corporate name is a clue used by the customer to evaluate her/his experience. A corporate name could express a distinct message and the quality of the organisation to consumers. It is the basis for distinguishing between one organisation and another. Peterson and Ross (1972) point out that corporate name help communication between corporations and consumers, and name changes become objects of communication. A corporate name should clearly communicate the steps that a company has

taken to improve its quality and performance to the public and indicate how the new company is different from the old.

Managers play a significant role in the development of physical artefacts and must choose their corporate names carefully; these are increasingly becoming part of the vocabulary of management thinking and exist at a visible level of the organisation (Abratt, 1989). Selecting a logo is an arduous task: deciding which logo will be the most liked, remembered and recognised in order to create the strongest sense of familiarity (Van Riel *et al.,* 2001). The role of the corporate name is to help identify a company through its design in order to increase recognition speed. A well-recognised logo needs to be compatible with the corporation's name. It should remind the stakeholders of the corporate name: "Recognition/association is the degree to which the logo's visual elements are associated with the company or brand, and conversely, the degree to which mention of the name calls to mind the logo's visual elements" (Schechter, 1993, p. 34).

A major problem for any company is deciding what name to choose. In general, the corporate name plays an important role in the decision-making process of selecting the most preferred service or product. Not only does the corporate name provide information about the company and its products or services, but it also plays a significant role in providing a company's identity through its design in order to increase recognition speed (Kohli *et al.,* 2002). The argument here is that the corporate name is a key factor that influences the value or the perception of a company's logo. Taken from existing findings, the first research hypothesis incorporated into our framework is as follows:

*Hypothesis 1: The more favourable the corporate name is perceived by consumers, the more favourable the attitude consumers have towards the corporate logo.*

### 3.3.1. Typeface

Marketing researchers (Hagtvedt, 2011; Hutton, 1987; McCarthy and Mothersbaugh, 2002) state that a company's typeface is a key communication objective (Henderson *et al.,* 2004) that is expressed through the corporate visual identity or corporate logo (Henderson *et al.,* 2004) and espoused by the managers (Abratt, 1989; Leuthesser and Kohli, 1997). According to Childers and Jass (2002), the typeface helps for memorability and readability. Authors (Hutton,

1987, 1997; O'Leary, 1987; Solomon, 1991; Somerick, 2000; Spaeth, 1995; Tantillo *et al.,* 1995) believe that a typeface can create a significant impression and an optimistic image with the public. For companies, it is necessary to modify the company's typeface, which helps to communicate their company's goals (Henderson *et al.,* 2004; Spaeth, 1999, 1995). Using typefaces well is tremendously significant to logo design because the typeface one chooses lends qualities of representation to the abstract shapes that form words and letters (Schmitt and Simonson, 1997).

As previously explained in Chapter Two, a typeface may have both a favourable and an unfavourable influence on consumers' attitude toward the company and raise emotional responses from consumers. A typeface can contribute to increasing a company's value (Hagtvedt, 2011). It can be more important when companies whose logos consist of words or letters use it to present a company or brand name (e.g. Coca Cola) (Henderson and Cote, 1998; Murphy, 1990). Particular logos rely on the use of a distinctive typeface to create brand/company recognition. Not only does designing a distinctive typeface for a logo help to distinguish a brand or a company, but it also gives the designer greater control over the letterforms presented and make sure that the font is suited to a corporate multimedia needs (Rowden, 2000). Companies should consider trade-offs between responses when creating communication goals (Henderson *et al.,* 2004).

Additionally, the results prove it is possible to establish a relationship between measurements of font characteristics and subjects. According to Henderson *et al.* (2004), designers often rely on familiar typefaces to emphasis the messages they want to convey by combining a variety of letters into a ligature or slightly altering the shape of the letters to express a sense of a company's identity so that the font appears to be exclusive in the eyes of the consumers (Hagtvedt, 2011). As a company's message should communicate consistency and since a logo cannot communicate by itself, it is appropriate to generate a written communication. Therefore, based on the discussion that highlights the importance of typeface, its ambiguous relationship within corporate logo research, and finally, relevance to the present context of the study, it is hypothesised:

*Hypothesis 2:*   *The more favourable the corporate typeface is perceived by consumers, the more favourable the attitude consumers have towards the corporate logo.*

### 3.3.2. Design

Logo design is becoming increasingly significant as a means of differentiation because today's customers have changed and become market savvy; and, in today's mass-market economy, only organisations that are able to differentiate themselves from their competitors will succeed (Van Riel *et al.,* 2001). Design is a language that communicates with stakeholders. Therefore, it is critical that marketing managers and researchers understand design's influence on the audience (Van der Lans *et al.,* 2009). Researchers (Henderson and Cote, 1998; Gray and Balmer, 1998; Van Riel *et al.,* 2001) have found the importance of having an appropriately designed corporate logo. Appropriateness appears to be generally associated with more meaning and this makes the stimuli better evaluated. Companies attempt to communicate about their firms when designing an organisational logo. According to Clow and Baack (2010), logo design needs to be compatible with the corporation's name. Those companies that use logotypes as the only sign of the company, have a lot of requirements for the design of the logo.

The design of a corporate logo is a clue used by the customer to evaluate their perception. Logo design should be carefully chosen, since "a strong image may take a long time to build but an even longer time to shed" (Kohli *et al.,* 2002, p. 62). For companies, logo creation and design is significant for visible communication actions but also in creating the corporate image (Van Riel *et al.,* 2001). In general, logo design plays an essential role in influencing consumers' responses to logos (Henderson *et al.,* 2003). The connection between elements of an organisation and the design of a company's logo has significant communicative value. For this reason, a well-designed logo can reflect the "big picture, and ensure consistency over time and between the various elements" (Kohli *et al.,* 2002, p. 62). Selame and Selame (1988) state that a good logo should have an original and distinctive design and it should be functional and easy to interpret. They add that well designed logos are also very adaptable, that is, they can be used in a wide variety of advertising mediums (Selame and Selame, 1988) to attract more customers. It is proposed that design is a key factor of the corporate logo, which influences the perception and the feeling of consumers and thus:

*Hypothesis 3: The more favourable the design of a company's logo is perceived by consumers, the more favourable the attitude consumers have towards the corporate logo.*

### 3.3.3. Colour

Nowadays, companies realise the value and power of a logo and its colour to classify its products or services and communicate information about its quality and value. Colour is significant and research has shown that it can elicit different responses from people in the competitive environment (O'Connor, 2011). Colour is a main element in creating a unique logo and in terms of enabling a logo to be different. Marketing research uses colour to position and differentiate corporate identity designs well as build visual equity (O'Connor, 2011). According to Aslam (2006), people's perceptions of corporate logo designs rely on corporate colours to assist them with identifying and categorising brands at a glance. Consumers become emotionally attached to the colours used by their favourite brands and rely on colour consistency to assure them about their favourite products. Colour induces emotions and moods, influences consumers' behaviour and perceptions, and helps organisations position or differentiate themselves from their competitors (Aslam, 2006).

Academic literature (e.g. Van Riel *et al.,* 2001) asserts that the design and colour of a logo are important factors in terms of logo recognition. According to Tavassoli (2001) colour helps products stands out from the crowd. It also has a powerful effect and causes reactions based on instincts and associations that sustain corporate identities (Madden *et al.,* 2000) and customer perceptions (Grossman and Wisenblit, 1999). Colour is instrumental in attracting consumers' attention towards the corporate logo as it can be associated with various consumer rituals (Bellizzi and Hite, 1992). The colour of a logo is a more imperative factor than the shape as feelings can be related to colours. Colour communicates message to the respondent, and the message might include several meanings depending on other elements and other colours.

Therefore, the use of colours in logos, especially in global corporations, needs to be chosen carefully depending on the different meanings that colours might have in diverse cultures. It can contribute to an exchange of meaning among the sender and the receiver in the process of their perception and processing of an incoming message. Bellizzi and Hite (1992) describe the use of multiple senses in their perception of how consumers understand and react to stimuli colour. Research on colour shows that colour is an expressive tool in corporate visual identity which can be related to natural phenomena (Jenkins, 1991). Therefore, based on the discussion that highlights the importance of colour, its ambiguous relationship within the corporate logo, and finally, relevance to the present context of the study, it is hypothesised:

*Hypothesis 4:*   *The more favourable the colour used in a company's logo is perceived by consumers, the more favourable the attitude consumers have towards the corporate logo.*

## 3.4. BENEFITS OF THE CORPORATE LOGO (CONSEQUENCES)

Many organisations are becoming concerned about their corporate logo because of changes in the competitive environment and the need to differentiate themselves in various ways to create distinctive images among diverse stakeholder groups (Gray and Balmer, 1998; Van Riel and Balmer, 1997). The corporate logo is a key factor to encourage the companies to communicate with consumers and their stakeholders.

In essence, an outstanding favourable corporate logo will certainly lead to a favourable corporate image. The next section will provide the construct of the corporate image as a key outcome of the corporate logo. Furthermore, the corporate logo will also be highlighted as a contributing factor to both the corporate image and the corporate reputation.

### 3.4.1. Corporate logo and corporate image

Corporate image studies have focused on the effect of logo and advertising on company's image (Chun, 2005). As a part of corporate identity management, managers should try to project their companies' logos in order to create or maintain a favourable image in the mind of their customers (Van Heerden and Puth, 1995). People may have different perceptions of a company's identity (Balmer and Soenen, 1999) on the basis of their feelings, emotions, and beliefs (Barich and Kotler, 1991; Brown *et al.,* 2006; Karaosmanoglu *et al.,* 2011). Van Heerden and Puth (1995) stated that a corporate logo creates measurable images in the minds of consumers and serves as a mental switch or stimulus. Initially, the marketing literature focuses on customers and the corporate image to represent the attitudes, impressions, beliefs, and associations held by customers (Belt and Paolillo, 1982; Keller, 1993; Van Heerden and Puth, 1995). People's perceptions of a company should match the organisational identity and represent the shared beliefs of what is enduring, distinctive, and central about the organisation (Dutton *et al.,* 1994).

Marketing studies show that image can influence people. Image is "what comes to mind when one hears the name or sees the logo" (Gray and Balmer, 1998, p. 696). Image is created by corporate identity (Gray and Balmer, 1998). Balmer (1998, 2001) asserts that organisations should embrace all organisations' stakeholders (constituencies) and use their total organisations' communication efforts ranging from public relations to visual identity to articulate their identities (communication). Corporate identity is translated into an image in the public's mind through communication tools (Gray and Balmer, 1998). Melewar and Saunders (2000) state practical communicative aspects of the corporate visual identity system for managing corporate identity effectively. Visual expressions of an organisation provide a powerful means of identifying the distinctive qualities of a firm to distinguish it from its competitors (Bernstein, 1986).

According to Cornelissen and Lock (2001), "where consistency in communication can be seen as a necessary condition" (p. 428). Accordingly, the key factor is the influence of the corporate image that the stakeholders experience from the organisation (Dowling, 1986). Balmer and Greyser (2003, 2006) claim that a favourable corporate image can have a positive influence on company performance. Gaines-Ross (2000) stated that the corporate image is the perceived image and can be defined as "perceptions, feelings and relationships" (p.23). The above studies showed that the corporate identity and corporate image go beyond a logo's design.

According to the marketing research (Van Riel, 1995), consumer evaluations of the corporate image have been discussed as the basis of corporate identity messages that are transmitted by the corporate logo. A well-designed corporate logo may evoke an emotional response (Van Riel, 1995). Henderson and Cote (1998) claimed that the corporate logo can transfer a positive reaction and motivate and evaluate organisations more favourably. The literature suggests that the corporate logo triggers awareness and recognition of the company in people's minds (Dowling, 2001). Consumer evaluations of the corporate image have been discussed as a basis of corporate identity messages, which are transmitted by the corporate logo (Van Riel, 1995). The corporate logo influences a company's visual and verbal communications and has external influences (Fisher, 1986).

Drawing on this discussion, it is claimed that consumers' attitudes towards a logo of an organisation will show how they evaluate the firm. Therefore, based on the previous literature, an argument has been made that the corporate logo has a significant effect on corporate image. Based on this, the following hypothesis is derived:

*Hypothesis 5: The more favourable the corporate logo of an organisation is perceived by the consumers, the more favourable the image consumers have towards the company.*

### 3.4.2. Corporate image and corporate reputation

A logo acts as a badge of identification, as a mark of quality and as a way to improve a company's image (Hagtvedt, 2011). Corporate reputation increases a company's positive visibility, transparency, authenticity, distinctiveness, and consistency (Fombrun and Van Riel, 2004; Van den Bosch *et al.*, 2006). For instance, the corporate logo is principally concerned with the management of appearance or impression, the visibility through the use of the corporate name and logo.

A company's logo impacts on positive and desired attributes, which can add value to the reputation of an organisation (Van Riel *et al.,* 2001). For example, companies spend enormous money, time and research on creating and designing a logo, which influences perceptions among a firm's customers in a positive way (Napoles, 1988; Olins, 1989; Schechter, 1993; Spaeth, 1995; Van Riel *et al.,* 2001). It can enhance a company's uniqueness, improve its visibility, and positively impact the public impression (Fombrun, 1996). Organisations encourage shareholders to invest in the company (Fombrun and Shanley, 1990) and the corporate audience relies on corporate reputation when making investment decisions and product choices (Dowling, 1986).

Authors (Dowling, 1993; Gotsi and Wilson, 2001; Ind, 1997; Kennedy, 1977) state that, since corporate reputation is formed as an aggregation of corporate images that customers hold as an overall evaluation of a company over time, it can be assumed that an individual stakeholder's emotional association to an organisation has an impact on the image he/she forms of it. According to Dowling (2001), the reputation of a company is a combination of trust, admiration, respect and confidence in the future actions of the organisation.
Furthermore, companies can distinguish themselves and make themselves known among investors through the company logo in order to build up a favourable business reputation (Balmer, 2001; Fombrun and Van Riel, 2004). Corporate reputation is "a perceptual representation of a company's past actions and future prospects that describes the firm's overall

appeal to all of its key constituents when compared with other leading rivals" (Fombrun, 1996, p. 72). Customers consider themselves to be similar to those organisations that demonstrate appealing actions, such as providing compliments. Karaosmanoglu *et al.* (2011) signify, "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 holds for them. Accordingly, a company can also be considered the object of emotional evaluations" (p. 1423).

Balmer *et al.* (2011) add that corporate reputation is the result of beliefs, images, facts, and experiences encountered by an individual over time. Moreover, consumers perceived a company as trustworthy and respectful, which was attributed to their experience with the company, its products and services and corporate reputation (Bhattacharya and Sen, 2003). These behaviours can impact the likelihood of stakeholder identification with the organisations.

Marketing researchers (e.g. Brown and Cox, 1997; Brown and Dacin, 1997; Fombrun, 1996; Fombrun and Shanley, 1990; Gray and Balmer, 1998) have asserted the differences between corporate image and corporate reputation. Corporate image is deemed to be a product of individuals' own perception of reality (Bernstein, 1986) on the basis of their beliefs, emotions, feelings (Barich and Kotler, 1991), whereas corporate reputation is an immediate picture of an organisation based on the aggregated multiple images held by all its both internal and external stakeholders over the years (Fombrun, 1996; Fombrun and Shanley, 1990).

As stated by Walker (2010), "the relationship between image and reputation is one of dynamism and stability, or variation and selection" and, "image can be attained relatively quickly but a good reputation takes time to build" (p. 367). A favourable corporate reputation is a snapshot that reconciles images of a company held by all its constituencies (Walsh *et al.,* 2009). Walsh *et al.* (2009) argue that, "an important determinant of the reputation a person holds of a company is the relationship that the person has with the organisation, and customers are more likely than other stakeholders to have a 'relationship' with a company" (p. 191).

Given the previous research, it is likely that, if consumers have a positive image of a company, this will positively affect their feelings and evaluations of the company and the company's reputation will improve (Walsh *et al.,* 2009). These opinions suggest the following hypothesis:

*Hypothesis 6: The more favourable the attitude that consumers have towards a company's corporate image, the more favourable the reputation consumers have towards the company.*

### 3.4.3. Corporate logo and attitude towards advertisements

A company's corporate logo influences on the viewer's attitude towards the advertisement. Over time, the corporate logo and advertising offer symbolic representations of a company and are often used to highlight information and attract attention. The corporate logo is a key element used as identification in advertising. According to the literature (Rossiter *et al,.* 1991), advertisements can be constructed to attain particular responses dependent upon the nature of the communications and desired marketing objectives. The perceptions customers have of the corporate/brand should be shared, positive and consistent. However, the attitude towards the advertisement differs between consumers (Litchtle, 2007). The attitude towards an advertisement is impacted by the emotions it arouses (Litchtle, 2007).

Consumers rely on their attitudes toward the advertisement when forming attitudes toward the company. Attitude toward an advertisement can be thought of as a consumers' general liking or disliking of an advertisement. Advertising helps firms to develop strategic positions to differentiate them from their competitors and provide them with goodwill from consumers and stakeholders. Companies spend vital money on communicating with their consumers through advertising. A successful advert should attract attention. Advertising as a significant component of the marketing mix is considered to be one of the principal components of image creation (Meenaghan, 1995). Companies need to differentiate themselves and advertising is an opportunity for a company to present its corporate image (Melewar *et al.,* 2001). A certain image of the corporate/brand is created and customers choose the brand with the image that best fits themselves. Firms deliver a promise to customers through advertisements, from which a predicted level of expectation is formed and perceived by customers. If those promises are not kept, customers have a poor experience. Hence, the companies lose the relationship between advertising and customers.

The corporate logo as a firm's signature appears on advertisements (Snyder, 1993). The more powerful corporate logos have revolutionised the advertising world. O'Shaughnessy and O'Shaughnessy (2004) explain that effective advertising is always persuasive advertising.

They defined persuasion as, "the process of trying to alter, modify or change the saliency of the values, wants and actions of others" (p. 5). The corporate logo directly influences purchase intentions as a key economic advantage to customers (Siegel, 1989; Wallace, 2001) and positively correlates with the company's financial performance (Bloch, 1995; Henderson *et al.,* 2004; Hutton, 1997).

Furthermore, standardising the corporate logo as the key element of corporate visual identity is presumed to have a positive effect on consumers' awareness of advertising (Melewar and Saunders, 1998; Van den Bosch *et al.,* 2006) and increases consumers' familiarity with the company and its services (Melewar *et al.,* 2001). A firm with sufficient budget prefers its corporate logo to be appropriately recognised and differentiated from competitors through extensive advertising (Henderson and Cote, 1998). Corporate logos are a great platform for innovative marketing and can cut through the media clutter to serve as a springboard for becoming more distinctive (Brachel, 1999). The individual react to an advertisement and on the attitude it engenders (Lichtle, 2007).

Management should try to communicate with the external audience in various ways, from unplanned appearances to a conscious strategy involving corporate advertising (Hatch and Schultz, 1997). Gilly and Wolfinbarger (1998) analysed the impact of advertising upon an internal audience and the significance of involving employees in the company's communications. Moreover, reputation aims to generate more favourable company-oriented information through media coverage and cause consumers to consider the company to be respectful and trustworthy (Fombrun and Rindova, 1996). According to Aitken *et al.* (2008), "customers are likely to play with symbols and messages and form mental pictures that may be quite different from those that were originally intended" (p. 291). A well-chosen logo in advertising can contribute meaning between the sender and the receiver. Taken from existing findings, the following research proposition is incorporated into our framework as follows:

*Hypothesis 7: The more favourable the corporate logo of an organisation is perceived by the consumers, the more favourable the attitude consumers have towards an organisation's advertisements.*

*Hypothesis 8: The more favourable the consumers' attitude towards a company's advertisements, the more favourable the image consumers have towards the company.*

### 3.4.4. Corporate logo and familiarity

Product and company familiarity refers to how familiar a consumer is with a given product category (Josiassen *et al.,* 2008). "Logos contribute strongly to an increase in the familiarity and appreciation of an organisation" (Chadwick and Walters, 2009, p. 71). According to Melewar and Saunders (1998), the direction of the interaction of product familiarity with a company depends on the corporate logo (the visual elements of a corporate identity system). The corporate logo is the biggest factor in choosing between one company's products or services and those of another (Melewar and Saunders, 1998). The corporate logo, therefore, carries great significance in the study of successful graphic design and how it is a significant part of symbolically identifying a company or its product.

Researchers showed an interest in how logos are a reliable, distinctive cue for an organisation to create the strongest sense of familiarity and influence the consumers' decision-making (Henderson and Cote, 1998). The design of a logo can be described as a halo that consumers use to infer an evaluation of a product that they are familiar with. This description suggests that a corporate logo design should be balanced appropriately with the company's needs and consumers' desires. Furthermore, consumers use the logo as indirect evidence of a product's performance. Familiarity with a product has a critical role in aiding comparisons between products and the consequent choice of purchase (Herrera and Blanco, 2011). Customers purchase a product from the logo and brand when they have little direct knowledge of the product itself.

Ha (2005) states "familiarity with products or services derives from the number of brand-related experiences the consumer has had" (p. 441). Familiarity with a product or a brand "refers to the consumer's understanding of the product and to its characteristics, as well as to his/her ability to evaluate its quality" (Herrera and Blanco, 2011, p. 286). Josiassen *et al.* (2008) propose that, "image could serve as a summary cue that consumers use to sum up and encapsulate the evaluation of a product that they are familiar with" and consumers are believed to use "image as a proxy for the performance of a product when they have prior experiences

with the performance of other, similar products" (p. 424).

The literature recognises the significance of logo and familiarity. As Kohli *et al.* (2002) confirmed, "a logo that readily cues the product is a big advantage" (p. 60). Organisations create an attractive corporate visual identity and tack it onto a wide range of products, hoping that it means something similar to employees and consumers (Hatch and Schultz, 2001). Consumers who are familiar with a certain logo tend to trust the company's products and services, influencing their purchase decision-making. Logos contribute strongly to an increase in the familiarity and appreciation of a company and its products or services (Chadwick and Walters, 2009). Corporate logo (the major element of corporate visual identity) standardisation assists companies with achieving a reliable image, which helps to increase sales (Buzzell, 1968; Melewar and Saunders, 1998) and familiarises consumers with the company (Melewar and Saunders, 1998; Lippincott and Margulies, 1988). Standardising the corporate visual identity has a positive effect on customers' awareness and attitude to advertising, their familiarity with the company and its products, services, and the receptiveness of the local community to company operations in those specific areas (Melewar and Saunders, 1998).

A corporate logo should be easily interpreted at a glance by a broad audience of viewers, breeding a high level of familiarity between the intended message and its recipient. Familiarity can benefit a logo because it can increase its effect (Hem and Iversen, 2004; Van der Lans *et al.,* 2009). Furthermore, logos that look familiar tend to be perceived and processed faster (Henderson *et al.,* 2003). Familiarity with major stakeholders' perceptions is vital to corporate brand management (Balmer, 1995). When the consumer is familiar with the company and product and holds some favourable, strong and unique associations influence on the individual consumer's perception (Gylling and Lindberg-Repo, 2006).

According to researchers (Cohen, 1991; Henderson *et al.,* 2003; Peter, 1989; Robertson, 1989; Vartorella, 1990), a well-designed logo can evoke positive feelings of familiarity and they argue that such familiarity will increase sales. Clow and Baack (2007) added that a well-designed corporate logo obtains a consensual definition among the target audience. They highlighted that a corporate logo communicated the overall corporate image as intended by the organisation through its corporate identity. Companies employ a corporate logo used in the corporate identity and formed into a design as a logo that can be processed and interpreted faster in the human mind.

According to Lemmink *et al.* (2003), familiarity positively influence the organisational perceptions held by individuals. Therefore, familiarity has an influence on the formation of the corporate image. This perspective can be stated more formally for empirical testing as follows:

*Hypothesis 9: The more favourable the corporate logo of an organisation is perceived by the consumers, the more the consumers are familiar with the product or the company.*

*Hypothesis 10: The more the consumers are familiar with the company or product, the more favourable the image consumers have towards the company.*

### 3.4.5. Corporate logo and recognisability

Today's logos serve both the company and the needs of the consumer. The pressure of a free, competitive marketplace combined with fast technological growth has an effect on product and promotional campaigns, which changes through time. A well-designed logo and accepted corporate image is one of the most valuable assets a firm possesses. A logo should increase recognisability towards the company and the products (Cohen, 1991; Henderson *et al.,* 2003; Peter, 1989; Robertson, 1989; Vartorella, 1990). Van der Lans *et al.* (2009) state that "logo recognition means consumers remember seeing the logo before. Because consumers recognise pictures more quickly than words, a company can communicate quickly by using a logo in the brand name" (p. 971).

Marketing researchers (Hatch and Schultz, 2001; Henderson and Cote, 1998; Van Riel *et al.,* 2001) articulate that a corporate logo increase the recognisability consumers with the company and its products and services, and establishes a uniform favourable corporate image. The logo represents the name and its product category. Target audiences can recognise themselves in organisations and products in order to make sense of who they are and what they belong to (Dutton and Dukerich, 1991).

A logo is known as the basic and fundamental element in the development of corporate identity design. Firms must recognise the implications of design for all responses because multiple responses may be elicited (Henderson *et al.,* 2004). The essence of an organisation is expressed

by the logo through its corporate visual identity (Ashworth and Kavaratziz, 2010; Van den Bosch *et al.,* 2005 and 2006; Van der Lans *et al.*, 2009). In business enormous amounts of time and money are spent on promoting logos (Rubel, 1994) to help customers and prospects recognise the company (Smith, 1990) and become aware of the organisation's business capabilities, product and service diversity, management strengths, and competitive distinction (Downey, 1986). The corporate logo is used for communicating image, cutting through clutter to gain attention and speeding up the recognition of the company or product (Ashworth and Kavaratziz, 2010; Henderson and Cote, 1998).

Marketing literature suggests that corporate logo design significantly influences consumer responses to the logo (Henderson and Cote, 1998), the brand (Kohli *et al.,* 2002), and the organisation (Stafford *et al.,* 2004). A logo is the most important vehicle of communication and often the company uses its logo to manage its image through the company's brand elements. Consumers recognise the products and services based on the logo, which they emotionally associate with the brand (Wheeler, 2006). It serves as an enhanced tool to help the company be recognisable to its customers/consumers. When products and services are complex to distinguish, a logo can be the vital element as the key distinguishing characteristic of a brand and company (Aaker, 1997).

A logo is one of business' most outspoken nonverbal cues. It has the role of: creating awareness; triggering recognition of an organisation; and, activating a stored image of the organisation (Dowling, 2001, p. 167). The corporate logo is used in the company's communication process to create positive emotions and enhance recognition of the company and brand (Aaker, 1991; Balmer and Gray, 2000; Downey, 1986; Henderson and Cote, 1998; Melewar *et al.,* 2005; Muller *et al.,* 2011; Pittard *et al.,* 2007; Van den Bosch *et al.,* 2005, and 2006; Van der Lans *et al.*, 2009) and finally obtain a consensual definition among the target audience (Clow and Baack, 2007). "Logos should be chosen and designed with an eye toward relevant and specific marketing objectives" (Kohli *et al.,* 2002, p. 61). Logos are influential tools for marketing and, to sustain success in a marketplace characterised by product communication clutter, companies try to build deep meaningful relationships with their customers (Bhattacharya and Sen, 2003). For instance, people often tend to make buying decisions based on the brand/corporate logo or name rather than just for the product itself.

Therefore, based on the discussion that highlights the importance of the corporate logo, consumers become aware of a company through its logo and recognise the company and its products (Balmer and Gray, 2000; Downey, 1986; Van den Bosch *et al.,* 2006), raising a favourable corporate image that enhances the consumers' perceptions of the organisation. This discussion leads to the following hypothesis:

*Hypothesis 11: The more favourable the corporate logo of an organisation is perceived by the consumers, the more impact there is on the product and company recognisability.*

*Hypothesis 12: The more the consumers recognised the company or the product, the more favourable the image consumers have towards the company.*

## 3.5. SUMMARY

The proposed research has clear implications for a company, by considering the importance of corporate logo design for achieving consumers' objectives. This investigation offers a more comprehensive approach to examining whether the more favourable the attitude that consumers have towards a company's corporate logo, the more favourable the image and reputation they have of the company. This chapter has reviewed the literature on the corporate logo and integrated insights from different fields in order to construct the conceptual framework illustrated in Figure 3.1. On the basis of the literature, the connection between the corporate logo and its antecedents and consequences is discussed; relevant hypotheses, summarised in Table 3.1 and illustrated in Figure 3.1, are presented. The hypotheses and the conceptual research framework demonstrated the different relationships between the study constructs in the integrative framework provided.

The comparative lack of theoretical sources concerning the corporate logo has led the author to review the literature on corporate visual identity, corporate identity, and design. As such, the distinct literature on corporate design and corporate identity was examined. While these sources provided some significant directions and guidelines, the author found that the literature

was conceptual in nature. An examination of the literature resulted in the generation of 12 hypotheses, which can be broken down into two broad categories. The next chapter outlines the research design that is adopted to expand scales for constructs as well as to test the proposed model.

**Table 3.1: List of research hypotheses based the research questions**

| Hypotheses |
|---|
| **RQ: What is the impact of specific antecedents of corporate logos on corporate image and corporate reputation data?** |
| **Question 1: What are the factors that influence corporate logo favourability?** |
| **H1**     The more favourable the corporate name is perceived by consumers, the more favourable the attitude consumers have towards the corporate logo. |
| **H2**     The more favourable the corporate typeface is perceived by consumers, the more favourable the attitude consumers have towards the corporate logo. |
| **H3**     The more favourable the design of a company's logo is perceived by consumers, the more favourable the attitude consumers have towards the corporate logo. |
| **H4**     The more favourable the colour used in a company's logo is perceived by consumers, the more favourable the attitude consumers have towards the corporate logo. |
| **Question 2: What are the main influences of corporate logo favourability on corporate image and corporate reputation?** |
| **H5**     The more favourable the corporate logo of an organisation is perceived by the consumers, the more favourable the image consumers have towards the company. |

| | |
|---|---|
| **H6** | The more favourable the attitude that consumers have towards a company's corporate image, the more favourable the reputation consumers have towards the company. |
| **H7** | The more favourable the corporate logo of an organisation is perceived by the consumers, the more favourable the attitude consumers have towards an organisation's advertisements. |
| **H8** | The more favourable the consumers' attitude towards a company's advertisements, the more favourable the image consumers have towards the company. |
| **H9** | The more favourable the corporate logo of an organisation is perceived by the consumers, the more the consumers are familiar with the product or the company. |
| **H10** | The more the consumers are familiar with the company or product, the more favourable the image consumers have towards the company. |
| **H11** | The more favourable the corporate logo of an organisation is perceived by the consumers, the more impact there is on the product and company recognisability. |
| **H12** | The more the consumers recognised the company or the product, the more favourable the image consumers have towards the company. |

# CHAPTER IV: METHODOLOGY AND RESEARCH DESIGN

## 4.1. INTRODUCTION

The purpose of this chapter is to elucidate and justify the methodological foundation and the research design used to test the hypotheses and operational model developed in Chapter III. To answer the research questions and to empirically validate the proposed model, this chapter is organised as follows: Section 4.2 provides a description of the research design in the current study with justification of the choice of adopted methodologies. The research design and the method of data collection are outlined in Section 4.3. The exploratory fieldwork and overview of the main survey and sampling are outlined in Sections 4.4 and Section 4.5 respectively. The main survey and questionnaire design are discussed in Section 4.6 and Section 4.7. Data analysis techniques and statistical packages techniques used in this research are presented in Section 4.8. Finally, Section 4.9 considers the main ethical issues and finishes with a summary (Section 4.10).

## 4.2. JUSTIFICATION OF THE RESEARCH METHODOLOGY

The choice of methodology is related to the aims and characteristics of this chapter. According to researchers (Burrell and Morgan, 1979; Deshpande, 1983), the marketing paradigm is significant: the researcher defined a set of underlying assumptions that serve as a guideline to understand the subject as well as generate valid and reliable results. A paradigm is a cluster of beliefs which, for scientists in a particular discipline, influence what should be researched, how study should be done and how the results should be interpreted (Bryman, 2004). Tashakkori and Teddlie (1998) indicate that paradigms are opposing worldviews or belief systems that are an indication of and guide the decisions that researchers make.

Guba and Lincoln (1998) describe paradigms as systems of interrelated ontological, epistemological and methodological assumptions. 'Paradigm' can be classified in different ways. Ontological is how the researcher regards the nature and form of social reality (Guba and Lincoln, 1998). Epistemology is the assumption of how people know things and the association between the researcher and the phenomenon studied (nature, sources and limits of

knowledge) (Guba and Lincoln, 1998; Sheth and Parvatiyar, 2002). The methodology paradigm is the technique used by the researcher to discover the reality; it relates to the questions and techniques used in a study to collect and validate empirical evidence (process of conducting inquiry) (Creswell, 2003; Guba and Lincoln, 1998; Gupta *et al.,* 2011; Sheth and Parvatiyar, 2002). According to Lincoln and Guba (2000), these claims can be called 'paradigms' or can be considered as research methodologies.

In social research, two dominant epistemological assumptions are *interpretivism/idealism/phenomenology* and *positivism* (e.g. Balmer, 2001; Cassell and Symon, 1994; Corbetta, 2003; Deshpande, 1983; Easterby-Smith *et al.,* 2002). Guba and Lincoln (1988) employed the terms *naturalistic* and *scientific* whereas Tashakkori and Teddlie (1998) adopt *positivist* and *constructivist*. The main classification of each philosophical assumption is presented in Table 4.1, and discussed as follows:

- *Interpretivism* is social research that aims to develop an understanding of social life and discover how people construct meaning in natural settings (Neuman, 2003). Interpretivism addresses the *process* of interaction between individuals while realising that their own background shapes their advocacy, interpretation which advocates for an agenda to help marginalised people; and pragmatism, which deals with actions, situations and consequences rather than antecedent conditions (Creswell, 2003). Phenomenology views the world as the qualitative paradigm (Deshpande, 1983). The interpretivist approach is concerned with building inductive hypotheses, studying phenomena through direct experience in order to understand the world (Bryman, 2004).

- *Positivism* is the oldest and most widely used approach; it is broadly defined as the natural sciences approach. Positivist approaches aim to improve understanding by adopting different methods. Positivism uses the *scientific deductive method* to conduct empirical and quantitative research (Creswell, 2003). The logical positivist view of the world is synonymous with the quantitative paradigm (Deshpande, 1983). Furthermore, positivist research employs procedures associated with inferential statistics, hypotheses testing, and experimental and quasi-experimental

design. Positivism assumes that social reality is external and should be measured by objective methods (Creswell, 2003).

**Table 4.1: Research paradigms**

|  | Positivist paradigm | Phenomenological paradigm |
|---|---|---|
| Basic beliefs | The world is external and objective | The world is socially constructed and subjective |
|  | Observer is independent | Observer is part of what is observed |
|  | Science is value-free | Science is driven by human interests |
| Preferred methods include | Focus on facts | Focus on meanings |
|  | Look for causality and fundamental laws | Try to understand what is happening |
|  | Reduce phenomenon to simplest elements | Look at the totality of each situation |
|  | Formulate hypotheses and then test them | Develop ideas through induction from data |
|  | Taking large samples | Small samples investigated in depth or over time |

Source: Easterby-Smith *et al.* (2002).

To choose which paradigm would lead to a more accurate investigation, the nature of research questions and objectives should be considered. Deshpande (1983) recommends that marketers focus on both paradigms: the positivism and the idealism paradigm (theory verification and theory generation) to avoid *method-bias,* which frequently occurs as a consequence of focusing on one paradigm. As paradigms should not be treated as mutually exclusive (Mingers, 2001), this research is based on positivism and shares some features with realism, such as the existence of social facts (some ways of describing these paradigms are illustrated in Table 4.2). The theory generation allows the researcher to develop a series of propositions tested later on using theory verification by quantitative methods.

The researcher points out that pursuing both paradigms has two main effects. First, it helps to identify a new set of scales, which may be useful in measuring marketing constructs. This study starts with an idealism paradigm by focusing on a qualitative method (i.e. use of interviews and focus groups) to explore what are the factors that influence the corporate logo and whether or not a corporate logo can satisfactorily communicate a company's identity. What are the main

influences of a corporate logo as a signature of a company and differentiator for the purpose of image building? The researcher uses the qualitative study to obtain preliminary insights into study problems, establishing an appropriate scale to measure corporate logo, which can be used later to test theories and hypotheses.

**Table 4.2: Alternative paradigm names**

| Positivist | Interpretive |
|---|---|
| Quantitative | Qualitative |
| Objectivist | Subjectivist |
| Scientific | Humanistic |
| Experimentalist | Phenomenological |
| Traditionalist | Revolutionist |

Source: Malhotra and Birks (2003, p. 138).

Second, it improves the validity, reliability and generalisability of the marketing research (Bryman, 2006; Creswell, 2003) by employing a positivist paradigm to test the model (Balmer, 2001), hypotheses and their causal relationship (Shiu *et al.,* 2009). To choose which paradigms would direct a more accurate study, the nature of the research questions and objectives should be considered in order to choose particularly suitable research methodologies. The current research therefore adopted quantitative (hypothetico-deductive) methodology to carry out this research; consideration of the qualitative (inductive) study was required for the following reasons. First, this study has noticed the lack of appropriate existence scales to measure the corporate logo. According to Henderson *et al.* (1998) For instance, the design characteristics of logo has not been explored in depth and "were not measured in an objective way" (p. 19).

Henderson *et al.* (2004) state that research is needed on the relationship between design and responses to other design objects. This study addresses the claims of researchers (Bhattacharya and Sen, 2003; Cornelissen, 2000) who emphasise that the image of a company is the main external communication factor and that, according to marketing researchers (Balmer, 1997, 2001; Van Riel and Balmer, 1997), anything that is part of a company communicates its identity. The literature (Anson, 1988; Hatch and Schultz, 2001; Henderson and Cote, 1998; Napoles, 1988; Olins, 1989; Stuart, 1997; Van Riel *et al.,* 2001) argues that a corporate logo is becoming progressively more imperative for the building up of a positive image in the minds of the audience. Moreover, the corporate logo acts as a corporate identifier to distinguish a

product from its competitors (Brachel, 1999) and brings many benefits to the company. Since this study focused on consumers' perceptions of the organisation, specifying the fundamental link between the corporate logo and it main influences on the corporate image and corporate reputation with respect to consumers was necessary.

To examine the concept of the corporate logo as a root of corporate identity (Balmer, 2001) and a company's signature (Henderson and Cote, 1998; Schmitt and Simonson, 1997; Melewar, 2003), quantitative methods are more suitable than qualitative methods (LeBlanc and Nguyen, 1998; William and Moffit, 1997) as they are more appropriate for theory testing rather than theory generation (Balmer, 2001) (Table 4.3 presented the differences between the qualitative approaches, and quantitative approach).

According to scholars (Easterby-Smith *et al.*, 2002; Gupta *et al.,* 2011; Melewar and Saunders, 1999), positivists usually apply qualitative methods to achieve fundamental explanations in human behaviour across a representative sample of people. Furthermore, positivists aim to create a pure interview that provides a mirror reflection of the reality that exists in the social world and analyse it in term of feasibility and desirability (Silverman, 1993). Miller and Glassner (1997) believe that "research cannot provide the mirror reflection of the social world that positivists strive for, but it may provide access to the meanings people attribute to their experience and social worlds" (p. 100).

**Table 4.3: Comparison between qualitative and quantitative approach**

|  | Quantitative Research | Qualitative Research |
|---|---|---|
| **Purpose** | Deductive: verification and outcome oriented<br>Precise measurement and comparison of variables<br>Establishing relationships between variables<br>Interface from sample to population | Inductive: discovery and process oriented<br>Meaning<br>Context<br>Process<br>Discovering unanticipated events, influences and conditions<br>Inductive development of theory |
| **Research questions** | Variance questions<br>Truth of proposition<br>Presence or absence<br>Degree or amount<br>Correlation<br>Hypothesis testing<br>Causality (factual) | Process questions<br>How and Why<br>Meaning<br>Context (holistic)<br>Hypotheses as part of conceptual framework<br>Causality (physical) |
| **RESEARCH METHODS** | | |
| **Relationship** | Objectivity/ reduction of influence (research as an extraneous variable) | Use of influence as a tool for understanding (research as part of process) |
| **Sampling** | Probability sampling<br>Establishing valid comparisons | Purposeful sampling |
| **Data collection** | Measures tend to be objective<br>Prior development of instruments<br>Standardisation<br>Measurement/testing-quantitative/categorical | Measures tend to be subjective<br>Inductive development of strategies<br>Adapting to particular situation<br>Collection of textual or visual material |
| **Data analysis** | Numerical descriptive analysis (statistics, correlation)<br>Estimation of population variables<br>Statistical hypothesis testing<br>Conversion of textual data into numbers or categories | Textual analysis (memos, coding, connecting)<br>Grounded theory<br>Narrative approaches |
| **Reliability/Validity** | Reliable<br>Technology as instrument (the evaluator is removed from the data) | Valid<br>Self as instrument (the evaluator is close to the data) |
| **Gerneralisability** | Generalisable<br>The outsider's perspective<br>Population oriented | Ungeneralisable<br>The insider's perspective<br>Case oriented |

**Source:** Maxwell and Loomis (2003, p. 190) and Steckler *et al.* (1992).

## 4.3. SELECTION OF RESEARCH APPROACH

To provide a more comprehensive approach to increasing the understanding of the problem outlined in Chapter I, the best fit was the pluralism research approach (Deshpande, 1983; Mingers, 2001). Mingers (2001) states, "the different research methods (especially from different paradigms) focus on different aspects of reality and therefore a richer understanding of a research together in a single piece of research or research program. Topic will be gained by combining several methods together in a single piece of research or research program" (p. 241). The researchers (Deshpande, 1983; Mingers, 2001) believe that ignoring the potential contribution of the methods that are related to non-positivist approaches (e.g. in-depth interviews) probably limits the understanding of researchers who use the positivist approach.

The employment of more than one research method (focus group, interview, and questionnaire) enriches the understanding of the phenomenon under study and can reveal new insights (Creswell, 2003; Gupta *et al.,* 2011; Palmer and Gallagher, 2007). Based on the development of research methodology and perceived legitimacy of both quantitative and qualitative research, social and human sciences literature increasingly adapt the mixed-methods approach to collect and analyse qualitative and quantitative data (Gupta *et al.,* 2011). Creswell (2003) states that the approach is a "quantitative study based on testing a theory in an experiment with a small qualitative interview component in the data collection phase" (p. 177).

The current research employs 'mixed-methods' to collect the data. Mixed-methods have proved their efficiency in social sciences (Creswell, 2003). Firstly, following Creswell *et al.* (2003), a mixed-method research combines qualitative data collection and/or analysis with quantitative data collection and/or analysis within a single study. Qualitative and quantitative approaches may be collected sequentially to confirm, cross-validate, or corroborate findings at one stage in the research process.

Secondly, four phases can be identified: initiation, before the data collection (e.g. when the study problem/measures/sample are created); implementation (refers to the sequence the researcher uses to collect both quantitative and qualitative data) (Creswell *et al.,* 2003); integration (occur within the research questions, data collection, data analysis) (Creswell *et al.,* 2003); and, interpretation, when the conclusions are drawn to strengthen the knowledge claims of the research or must give explanation any lack of convergence that may result. In the early

days, mixed-methods were mainly employed in the data collection phase, and it was only later that combinations were employed in the different stages of the study process: problem setting, theory building, and data collection, analysis and interpretation (Bryman, 2006; Creswell, 2003). Mixed-methods increase a construct's reliability and validity (e.g. Bryman, 2006; Churchill, 1979; Creswell, 2003). Also, combining qualitative and quantitative methods often enhance their strengths (Palmer, 2011).

In this study, the analysis of qualitative data was carried out by adopting the content analysis method. Bryman (2006) identified two schemes to justify the combination of quantitative and qualitative research based on a content analysis. First, the significant scheme was developed in the context of assessment research by Greene *et al.* (1989). They coded each article in terms of a primary and a secondary rationale (Bryman, 2006). According to Bryman (2006), the first scheme, developed by Greene *et al.* (1989, p. 259), isolates five justifications for combining qualitative and quantitative research (Table 4.4).

According to Bryman (2006), the "advantage of the Greene *et al.* (1989) scheme is its parsimony, in that it boils down the possible reasons for conducting multi-strategy research to just five reasons, although the authors' analysis revealed that initiation was uncommon" (p. 105). In this method, qualitative research is vital for understanding the complex social phenomena, which helps the researcher develop the theme from the respondents' points of view. The quantitative research summarises the large amount of data for generalisation purposes. The disadvantage is that it only allows primary and secondary data to be coded. For that reason, a more detailed but significantly less parsimonious scheme was devised. Bryman (2006) identified the second scheme with the rationales (see Table 4.4).

This research is based on a positivist approach, sharing some features with realism, such as the existence of social facts (Bryman, 2004). Following the positivist perspective, an empirical investigation was conducted to verify the conceptual model in order to explain the corporate logo concept and then generalise the research in a large sample by adopting the quantitative research (questionnaire). Alternatively, researchers can begin with quantitative methods and move to qualitative research. This approach is similar to an example given by Creswell *et al.* (2003) where the key approach was a quantitative research based on examining a theory but with a short number of qualitative interview component in the phase of data collection. Figure 4.1 illustrated the procedures of mixed methods.

**Table 4.4: Justifications and rationale for combining quantitative and qualitative methods**

| | **First scheme** |
|---|---|
| **Triangulation** | Convergence, corroboration, correspondence or results from different methods. In coding triangulation, the emphasis was placed on seeking corroboration between quantitative and qualitative data. |
| **Complementarity** | Seeks elaboration, enhancement, illustration, clarification of the results from one method with the results from another. |
| **Development** | Seeks to use the results from one method to help develop or inform the other method, where development is broadly construed to include sampling and implementation, as well as measurement decisions. |
| **Initiation** | Seeks the discovery of paradox and contradiction, new perspectives of [sic] frameworks, the recasting of questions or results from one method with questions or results from the other method. |
| **Expansion** | Seeks to extend the breadth and range of enquiry by using different methods for different inquiry components. |
| | **Second scheme** |
| **Triangulation or greater validity** | Refers to the traditional view that quantitative and qualitative research might be combined to triangulate findings in order that they may be mutually corroborated. If the term was used as a synonym for integrating quantitative and qualitative research, it was not coded as triangulation. |
| **Offset** | Refers to the suggestion that the research methods associated with both quantitative and qualitative research have their own strengths and weaknesses so that combining them allows the researcher to offset their weaknesses to draw on the strengths of both. |
| **Completeness** | Refers to the notion that the researcher can bring together a more comprehensive account of the area of enquiry in which he or she is interested if both quantitative and qualitative research is employed. |
| **Process** | Quantitative research provides an account of structures in social life but qualitative research provides a sense of process. |
| **Different research questions** | This is the argument that quantitative and qualitative research can each answer different research questions but this item was coded only if authors explicitly stated that they were doing this. |
| **Explanation** | One is used to help explain findings generated by the other. |
| **Unexpected results** | Refers to the suggestion that quantitative and qualitative research can be fruitfully combined when one generates surprising results that can be understood by employing the other. |
| **Instrument development** | Refers to contexts in which qualitative research is employed to develop questionnaire and scale items – for example, so that better wording or more comprehensive closed answers can be generated. |
| **Sampling** | Refers to situations in which one approach is used to facilitate the sampling of respondents or cases. |

| | |
|---|---|
| **Credibility** | Refers to suggestions that employing both approaches enhances the integrity of findings. |
| **Context** | Refers to cases in which the combination is rationalised in terms of qualitative research, providing contextual understanding coupled with either generalisable, externally valid findings or broad relationships among variables uncovered through a survey. |
| **Illustration** | Refers to the use of qualitative data to illustrate quantitative findings, often referred to as putting 'meat on the bones' of 'dry' quantitative findings. |
| **Utility or improving the usefulness of findings** | Refers to a suggestion, which is more likely to be prominent among articles with an applied focus, that combining the two approaches will be more useful to practitioners and others. |
| **Confirm and discover** | This entails using qualitative data to generate hypotheses and using quantitative research to test them within a single project. |
| **Diversity of views** | This includes two slightly different rationales – namely, combining researchers' and participants' perspectives through quantitative and qualitative research respectively, and uncovering relationships between variables through quantitative research. |
| **Enhancement or building upon quantitative/qualitative findings** | This entails a reference to making more of or augmenting either quantitative or qualitative findings by gathering data using a qualitative or quantitative research approach. |
| **Other/unclear** | |
| **Not stated** | |

Source: Adapted by Bryman (2006, pp. 105-107).

To increase the validity of the study, an inductive approach was utilised before the main survey and the qualitative data collection technique was used to generate the hypotheses and purify measures for the questionnaire (Deshpande, 1983). Authors (Churchill, 1979; Gupta *et al.,* 2011) suggested a quantitative approach with multi-method engagement in the initial stages of an investigation. To examine the concept of corporate logos (the root of corporate identity), quantitative methods are more suitable than the qualitative method (William and Moffit, 1997; LeBlanc and Nguyen, 1998). This method is more appropriate for theory testing rather than theory generation (Balmer, 2001).

Given the standpoint of positivists mentioned above and the discussion on mixed studies, this research used qualitative methods, such as in-depth interviews with company managers and focus groups with academics in Business Management and MBA students at Brunel University.

The qualitative methodology was mainly applied in this research as there is to date a lack of understanding of the concept 'corporate logo', which requires to be defined in greater depth. To validate the measurement scales, the major survey and qualitative study were conducted in order to gain greater familiarity with the practice of the corporate logo. Authors (Deshpande, 1983; Zinkhan and Hirschheim, 1992) state that, to investigate a domain that is unknown or has received relatively little attention to date, qualitative and quantitative methods are appropriate. According to the aforementioned research questions, the suitable unit for analysis in qualitative and quantitative studies of this research is the consumer.

**Figure 4.1: Mixed methods procedures**
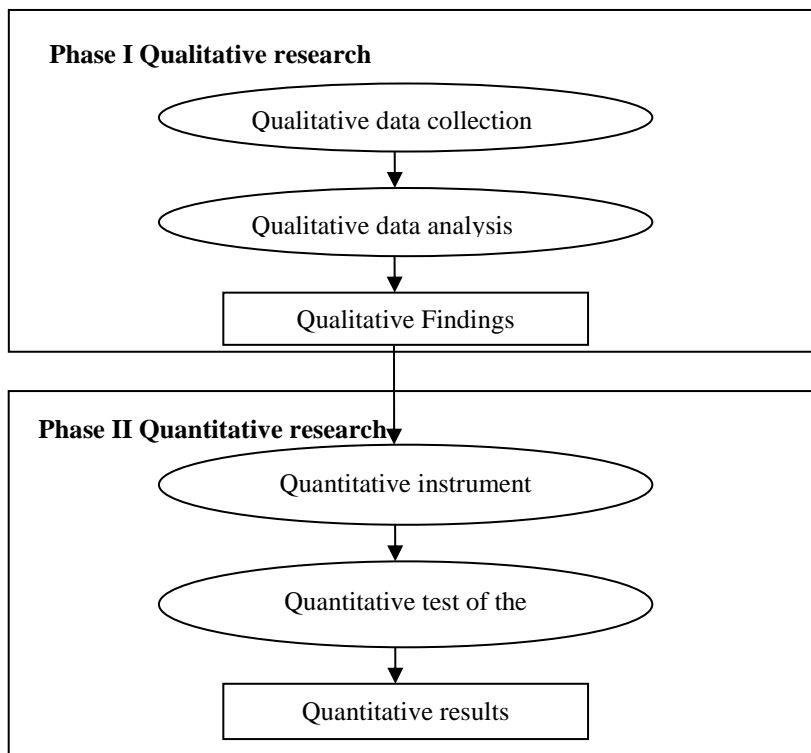


Source: Creswell *et al.* (2003, p. 235).

Following the suggestion by Churchill (1979), this study developed a questionnaire for the main survey. This study draws on previous literature to determine and delineate the domain of this research and its measurements for corporate image, corporate reputation, colour, typeface, corporate name, attitude towards advertisements, familiarity, and recognisability. To measure corporate logo, this research follows Churchill's (1979) approach for developing measures of multiple items for marketing constructs, and Gerbing and Anderson (1988) and DeVellis (2003) in order to construct a set of reliable and valid scales for establishing measurement

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reliability. This is expected to result in stronger relationships than the use of single-item measures. According to Churchill's (1979) theory, it integrates a qualitative paradigm while being predominantly quantitative in nature. Figure 4.2 illustrates the proposed steps in measurement scale development for marketing constructs.

**Figure 4.2: Steps in measurement scale development**



Source: Churchill (1979, p. 66).
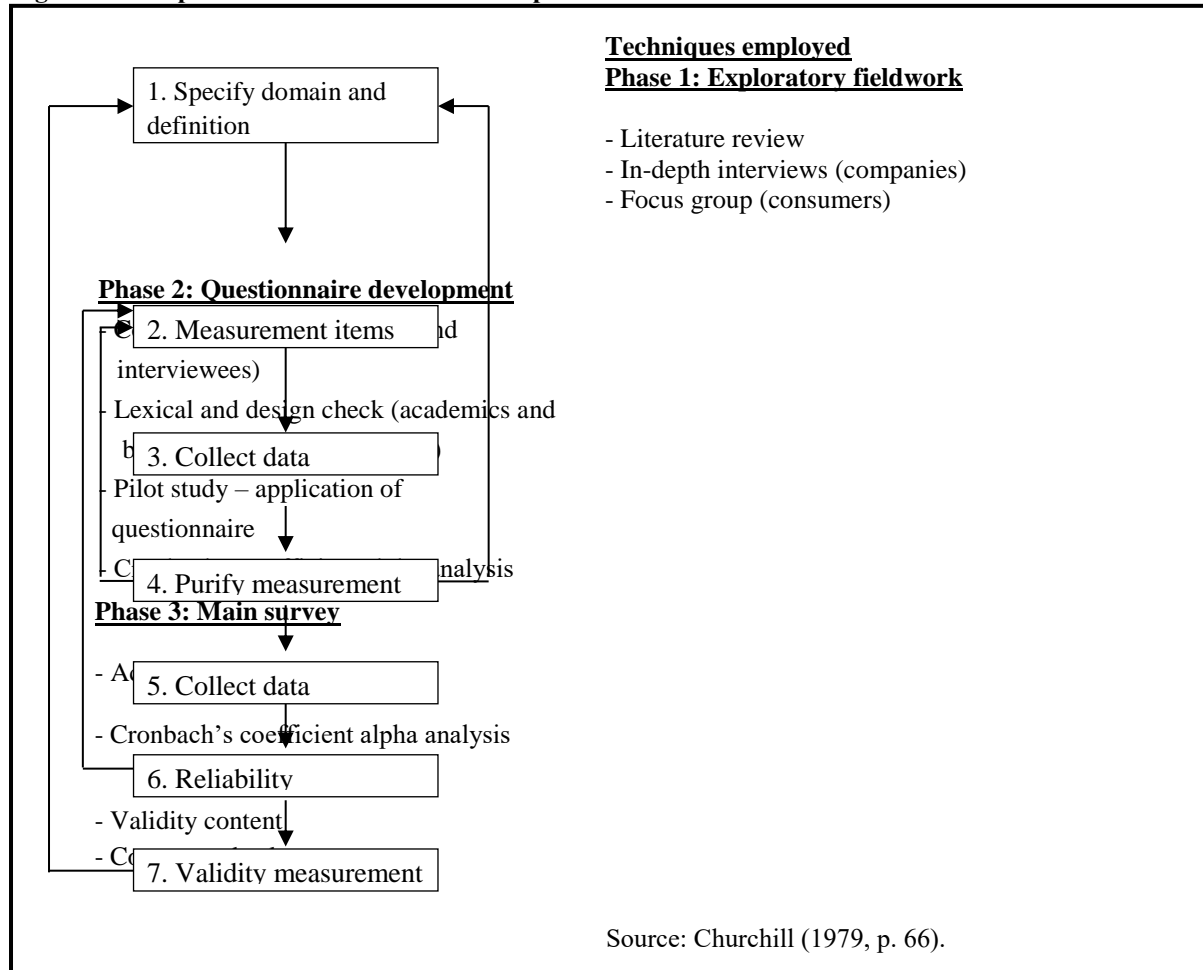
According to Churchill (1979), the first phase of research design is exploratory fieldwork. In the next sections this first phase is discussed.

## 4.4. THE FIRST PHASE (QUALITATIVE FIELDWORK)

An initial exploratory study was carried out to determine the research question. As no study, to the best of the author's knowledge, has so far produced a valid, reliable scale to measure corporate logos, this study decided to fill the gap in this area and follow Churchill's (1979) procedures to develop an appropriate scale. In this research, an initial exploratory study was carried out for the following reasons: 1) to gain an in-depth understanding of the research area (Dacin and Brown, 2002). 2) To achieve insights into the corporate logo, corporate image and reputation context. 3) To understand the actual practice in the field in order to gauge whether the proposed research study was relevant. 4) To obtain insightful information and understand the proposed research questions, generate hypotheses and purify measures for a questionnaire (Churchill, 1979).

Churchill (1979) suggests that the exploratory study, known as an 'experience survey', consists of "a judgement sample of persons who can offer ideas and insights into the phenomenon" (p. 66). Exploratory studies tend to begin with a wide study and narrow down to study development (Saunders *et al.,* 2007). Churchill (1979) suggests that certain techniques are used to generate sample items and reflect a construct (exploratory research, literature search, interview, and focus group). This study follows the above techniques to measure the corporate logo construct (focus group and interview).

In-depth interviews and group discussions are very useful to combine (Palmer, 2011; Palmer and Gallagher, 2007; Ritchie *et al.,* 2003) as a valuable resource that brings a new perspective to existing data (Ritchie *et al.,* 2003). The data collected from the interviews and focus groups supplied the information and insights to this research and helped to add more data, which was not identified in the literature review. However, exploratory research rarely involves such large samples (Malhotra and Birks, 2000). In order to minimise any weaknesses, the qualitative data was used to construct a quantitative study, mainly in the form of a questionnaire (Churchill, 1979). Table 4.5 illustrates the main benefit of using interviews and focus groups.

**Table 4.5: Application for in-depth interviews and focus groups**

| In-depth interviews | Focus groups |
| --- | --- |

| | | |
|---|---|---|
| **Nature of data** | For generating in-depth personal accounts | For generating data that is shaped by group interaction, refined and reflected |
| | To understand the personal context | To display a social context exploring how people talk about an issue |
| | For exploring issues in depth and in detail | For creative thinking and solutions |
| | | To display and discuss differences within the group |
| **Subject matter** | To understand complex processes and issues e.g. | To tackle abstract and conceptual subjects where enabling or projective techniques are to be used, or in different or technical subjects where information is provided |
| | -Motivations, decisions<br>-Impacts, outcomes | |
| | To explore private subjects of those involving social norms | For issues that would be illuminated by the display of social norms |
| | For sensitive issues | For some sensitive issues, with careful group composition and handling |
| **Study population** | For participants who are likely to be willing or able to travel | Where participants are likely to be willing or able to travel to attend a group discussion |
| | Where the study population is geographically dispersed | Where the population is geographically clustered |
| | Where the population is highly diverse | Where there is some shared background or relationship to the research topic |
| | Where there are issues of power or status | For participants who are unlikely to be inhibited by group setting |
| | Where people have communication difficulties | |

Adapted from Ritchie *et al.* (2003)

In the next section, the planning, management and data interpretation of the qualitative stage is explained.

## 4.4.1. Overviews the planning, management and data interpretation of the qualitative stage

There are many approaches to qualitative data analysis and these have been widely debated in the literature (Bazeley, 2007; Bryman and Burgess, 1994; Silverman, 1993). To conduct the current quality research, the researcher begins with a grounded theory to test the data. To analyse the qualitative data, a process of coding was used and guided by the conceptual framework that was developed on the basis of the literature. The researcher built the codes through the creation of a shared understanding of the corporate logo and its dimensions, the antecedents to the corporate logo and the corporate image concept. This set the framework for coding and analysing the data. Furthermore, the researcher determined that start codes were addressing the research questions, hypotheses, problem areas, and/or key variables that the researcher brings (Miles and Huberman, 1994, p. 58; Palmer and Gallagher, 2007). The research hypotheses and research questions were empirically tested through rigorous methodology (Guba 1990; Sheth and Parvatiyar, 2002).

Initially, coding of the narratives was based on the open codes process and the constructs, which identified in the literature review. According to Miles and Huberman (1994), the start list of codes should be based on a "conceptual framework, list of research questions, hypotheses, problem areas, and/or key variables that the researcher brings to the study" (p. 58). The researcher wrote the memo for each interview transcript before coding the transcript. Coding the data makes it easier to search, to make comparisons and to identify any patterns that require further investigation. The process of coding data from interview transcripts situates the process in approaches to qualitative analysis (Weston *et al.,* 2001). Under descriptive codes, the collected data was gathered and thematic ideas emerged with the data collected and related to the same content (Malhotra and Birks, 2000; Lincoln and Guba, 1985). According to Lincoln and Guba (1985), it is vital to "devise rules that describe category properties and that can, ultimately, be used to justify the inclusion of each data bit that remains assigned to the category as well as to provide a basis for later tests of replicability" (p. 347). The process ensured that the theoretical ideas, which emerged from the first round of coding, can be systematically shown in the data (Esterberg, 2002). Codes, according to the researchers (Esterberg, 2002; Huberman and Miles, 1994), are analysed in three stages of coding: open coding, axial coding, and selective coding. To coding the qualitative data, the researcher followed the authors (Esterberg, 2002; Huberman and Miles, 1994). The three stages of coding enhance improve the trustworthiness of the emergent data. The stages of the coding process are explained in Table 4.6.

The first stage of the data analysis was the generation of open codes. The open codes were interpreted and categorised into higher concepts until the core categories emerged. The open code began with reviewing the texts individually (interview transcripts) line-by-line and highlighting the passages where the logo, identity, image, reputation and the relationship between the logo and image were discussed and coded to either the starting list or new open codes were formed in the process. The transcripts were read twice very carefully to find the patterns in the texts, which are relevant to the literature. Each sentence was compared with the earlier sentences and open codes for differences and similarities and differences. If the codes were the same or very similar, they were coded identically. If the codes were very dissimilar, the new sentence was coded using another separate label. The main aim of the open coding is to find similar or different patterns in the texts, to the related literature review. Following open coding of each interview transcript, the researcher read the open codes and wrote more comments and memos to make the analysis more rigorous. It resulted in the creation of the axial code.

**Table 4.6: The stages of coding process**

| | Stages of coding process |
|---|---|
| **Open coding** | First stage of grounded theory coding process, through which concepts are identified. |
| **Axial coding** | Second stage of grounded theory coding process, through which second order categories are inductively derived from first order concepts generated during the open-coding process. |
| **Selective coding** | Final stage of grounded theory coding process, through which emergent theory is identified and refined, and the emergent themes are integrated. |

Axial coding is the second stage of data analysis, and tries to establish the relationship and contrast between the core categories and sub-categories to enable the identification of patterns within the texts. According to Balmer (1996) the systematic axial coding was started after all open coding. Axial coding as a unique approach has the advantage of not misleading the data analysis. Axial coding was maximised by taking into account all of the open codes within one case. The procedure of axial coding is a process of constant comparison. Axial code was generated based on differences and similarities of the collected data in open coding. After generating the axial code, the open codes were compared with each other and with the generated axial codes. This process assists the researcher to create a new axial code, change the existing axial codes, or merge them.

The final stage of coding is selective coding, which aims to integrate the emerging theory. Selective coding is the most complicated step of grounded theory analysis. It is necessary that, in order to produce a theory that can eventually fit the data, to describe the phenomena in a way that is parsimonious (Strauss and Corbin, 1998). According to Spiggle (1994), selective coding, "involves moving to a higher level of abstraction with the developed paradigmatic constructs, specifying relationships, and delineating a core category or construct around which the other categories and constructs revolve and that relates them to one another" (p. 495). Strauss and Corbin (1998) state the selective coding began throughout the axial coding stage by writing the relationship among these axial codes. This stage is the most difficult and confusing stage of grounded theory analysis, since it is needed to explain the phenomena, and be parsimonious.

In addition to the standard theoretical coding process such as comparison, question asking, writing memos, the researcher employed extra three techniques: 1) reviewing the research questions as a general guideline, 2) re-considering the open codes and raw data while comparing axial codes, and 3) the codes were discussed with the supervisors and experts for the fitness and relationship between the codes. By interpreting the review of the data, the researcher was able to find out the dimensions of the corporate logo, its main causes and its consequences.

In order to produce a refined and complete synthesis and interpretation of the material collected, QSR NVivo software Version 8 was appropriate for data administration and to achieve results. The software was useful for mapping out diagrammatically and assisted the researcher with viewing the whole text, enabling the inter-relationships of the codes to be seen at a glance (Welsh, 2002). Furthermore, it is useful for data storage and retrieval (Esterberg, 2002). The researcher recognises the value of both manual and electronic tools in qualitative data analysis and management, and makes use of both (Welsh, 2002). The data was checked on the content of exacting nodes, which could affect the inter-relationships of the thematic ideas, reviewing the nodes (themes) for consistency, and proceeding through the qualitative data analysis. The use of computer software helps to ensure rigour in the analytic process. NVivo allows the researcher to interrogate the data at a particular level and addresses the validity and reliability of the study results. Moreover, it ensures that the researcher is working more methodically, more thoroughly, and more attentively (Bazeley, 2007). NVivo has tools

for recording, data storage, retrieval and linking ideas, and exploring the patterns of data and interpretation. The software integrates a very wide range of tools in a symmetrical, simple and accurate structure. The use of NVivo as a computer-assisted qualitative data analysis software makes data analysis more reliable, easier, more accurate and more transparent (Gibbs, 2002) as well as manipulation and analysis of the data easier.

To verify the reliability of the coding through content analysis, the code was established more than once (Weber, 1985) by another researcher to gain their agreement on identification of the themes. Content analysis is a research technique for making replicable and valid inferences from data to its context. Patton (2001) states, "the qualitative analyst's effort at uncovering patterns, themes, and categories is a creative process that requires making carefully considered judgments about what is really significant and meaningful in the data" (p. 406). The researcher used the coding system to analyse each word and phrase, which allowed consideration of possible meanings assumed or intended by the speaker (Weston *et al.,* 2001). The researcher tried to locate the phenomenon within the data, and markers of where the phenomenon began and ended (Weston *et al.,* 2001) based on a prior research-driven code development approach (Patton, 2001; Strauss and Corbin, 1998). The researcher collected 'rich' data in the form of verbatim transcripts of all of our interviews with each interviewee, which provided sufficient information to test the developing scales. This allowed for consistency of terminology and consistency with the previous work. Lastly, the explanation of the data with the relevant research framework was explained.

The quality of the data is significant in social sciences because of the diverse philosophical and methodological approaches to the study of human activity (Ritchie *et al.,* 2003). Validity and reliability are the factors that contribute to designing a study, analysing the results and judging the quality of the study. However, there is no common definition of reliability and validity in qualitative research. To certify the reliability of the research, an assessment of 'trustworthiness' is decisive. The notion of determining truth through measures of reliability and validity is substantiated by the view of trustworthiness (Lincoln and Guba, 1985). Seale (1999) states that the: "trustworthiness of a research report lies at the heart of issues conventionally discussed as validity and reliability" (p. 266). The researcher employed a theoretical sample rather than a statistically random sample, so that theoretical sampling would "maximise opportunities for comparing concepts along their properties for the similarities and differences enabling

researchers to define categories, to differentiate among them, and to specify their range of variability" (Strauss and Corbin, 1998, p. 149).

As Lincoln and Guba (1985) stated, "there is no validity without reliability, an expression of the former validity is sufficient to establish the latter reliability" (p. 316). Reliability means sustainable, and validity means well-grounded to define the strength of the data. Reliability addresses how accurately the research methods and techniques produce data and is a consequence of the validity in a study (Patton, 2001).

To examine how the validity and reliability of a study are affected by the qualitative researchers' perceptions and hence to eradicate bias and increase the study's truthfulness, the triangulation method is used in qualitative research. Creswell and Miller (2000) described triangulation as: "a validity procedure where researchers search for convergence among multiple and different sources of information to form themes or categories in a study" (p. 126). Triangulation is improving the validity and reliability of a study and the evaluation of its findings. Consequently, reliability, validity and triangulation are relevant research notions, essentially from a qualitative standpoint to reflect the multiple ways of establishing truth. Table 4.7 presents the techniques that were used in this study to improve the trustworthiness.

To verify the reliability of the coding through content analysis, stability was ascertained by the researcher when the content was coded more than once (Weber, 1985). Furthermore, to assess the reliability of the emergent categories of the corporate logo, one independent coder with considerable qualitative research experience and who was unfamiliar with the study was employed.

**Table 4.7: Meeting the criteria of trustworthiness**

| Traditional criteria | Trustworthiness criteria | Techniques employed to ensure trustworthiness |
|---|---|---|

| Internal validity | Credibility | Quality access (the researcher was provided with an office desk, computer, access to company intranet, email address, freedom of talking to and interviewing anybody, freedom of getting any company documents, including lots of confidential strategic documents.) and extensive engagement in the field. <br> Multiple triangulations <br> Peer debriefing <br> Constant comparison |
|---|---|---|
| External validity | Transferability | Detailed description of the research setting <br> Multiple cases and cross-case comparison |
| Reliability | Dependability | Purposive and theoretical sampling <br> Cases and informants confidentiality protected <br> Rigorous multiple stages of coding |
| Objectivity | Confirmability | Separately presenting the exemplar open and axial codes. <br> Word-by-word interview transcription <br> Accurate records of contacts and interviews <br> Writing research journal <br> Carefully keeping notes of observation <br> Regularly keeping notes of emergent theoretical and methodological ideas |

Source: Based on Lincoln and Guba (1985)

## 4.4.2. Interview

To meet the objectives, this research starts with interviews to identify and operationalise the main elements that should be included in measuring the notion of the corporate logo construct. This study conducted in-depth interviews with global company managers, which allowed the researcher to generate a deeper understanding of the subject and collect attitudinal and behavioural data from the subject (Palmer and Gallagher, 2007; Shiu *et al.,* 2009; Yin, 1984). In this study, a topic guide developed the interview guide, which broadly outlined the corporate logo as the topic of interest and balanced the interview with the key topics and encouraged continuity in the discussions. To identify appropriate respondents for the in-depth personal interviews and to justify the number of participants, the researcher contacted well-known communication and design consultancy agencies based in the UK with global customers. The researcher contacted the top 15 consultancies and asked them to identify the best person(s) to contact regarding the research topic. The contacts and phone numbers were granted. They were asked whether they were interested in contributing to the study. Out of the 15 consultancies contacted, all replied either by mail or by email but 8 refused to take part in the research because of their tight schedules. So, 7 in-depth personal interviews were conducted.

Most of the interviews were conducted face-to-face with individual respondents from the companies (Churchill, 1999) in order to establish a clear overview of the corporate logo, and to give the opportunity of obtaining a deeper understanding of the research objective. The

interviews took place in a location chosen by the participant (Ritchie *et al.,* 2003) except for one interviewee who preferred a phone interview. The interviewees decided the venues and timing of interviews. The average interview lasted one hour and half and all the interviews were recorded and transcribed verbatim to ensure reliability (Andriopoulos and Lewis, 2009). The in-depth interview technique was semi-structured, direct, undisguised and personal interview to discover fundamental motivation, belief, attitude and feelings about the topic. A question sheet was designed to check whether all the areas of interest were covered during the interviews (see Appendix 4.1).

The researcher adopted a professional dress code and presented herself as a researcher rather than a student (Easterby-Smith *et al.,* 2002). Also, the researcher developed trust with the respondents through different approaches. In-depth interviews give researchers "the opportunity for the researcher to probe deeply to uncover new clues, open up new dimensions of a problem and to secure vivid, accurate inclusive accounts that are based on personal experience" (Burgess, 1982, p. 107). In-depth interviews were flexible and enabled questions to be asked on a wide variety of topics. According to Sekaran (2003), personal interviews are extensively used in marketing studies and this method can easily be adapted, ensuring that those responding have understood the questions properly.

In addition, the qualitative study is based on the conclusion of non-quantified data, such as value, perception and attitude. Attitude is a significant concept that is often used to understand and predict people's reaction to an object or change (Fishbein and Ajzen, 1975). Moreover, attitude is a method of measuring corporate image (Van Riel, 1995), which allows the respondents to evaluate and assess the attributes of image and communication factors. The direct question was designed as a fixed-response alternative question that required selecting from a predetermined set of responses to measure a dimension of attitude (Malhotra and Birks, 2000). The obtained data is "more reliable because the responses are limited to the alternatives stated" (Malhotra and Birks, 2000, p. 210).

Balmer (2001) suggested that marketing scholars should place more emphasis on exploratory research and first embarks on a situation analysis via interviews with company managers (Churchill, 1979; Melewar, 2001). Marketing researchers adopt a qualitative approach in order to be able to explore in-depth issues in a less structured format and encapsulate the experiences, feeling and beliefs of the respondents in their study (Malhotra and Birks, 2000). The qualitative

study aims to gather more in-depth information to advance understanding of the corporate logo concept. The details of interviewees are illustrated in Table 4.8 (see Appendix 4.1 for the interview protocol).

**Table 4.8: The details of in-depth interviews with consultants and managers**

| Interview Date | Organisation | Interview position | Interview approx. duration |
|---|---|---|---|
| **Communication and design consultants** | | | |
| 26.09.2009 | Managers | Communication and Design Manager | 120 min. |
| 08.10. 2009 | Xerox | Manager of Industrial Design & Human Factors | 90 min. |
| 08.10.2009 | FHD London | Managing Director | 30 min. |
| 12.10.2009 | Interbrand | Managing Director in London | 60 min. |
| 16.10.2009 | Brunel University | Design Strategy Manager, Senior Lecturer and MA Courses Director | 90 min. |
| 21.10.2009 | Brunel University | Design Manager and Senior Lecturer, Design Consultant | 90 min. |
| 26.10.2009 | Lloyd Northover | Chairman | 60 min. |
| **Topics discussed** | | | |
| - The understanding of corporate logo.<br>- The factors that influence corporate logo.<br>- Their experience of what they understand the corporate logo and its influences on corporate image and corporate reputation.<br>- Discussion of corporate name and whether it influences on the design of the corporate logo.<br>- Discussion of design, typeface and colour, which it used in different logos.<br>- The main perceived impacts of corporate logo. | | | |

Source: The researcher

### 4.4.3. Focus group

Focus groups were conducted to understand the individuals' perception about the research, when little is known in advance of investigation, the data collected from focus group provided extensive information (Byers and Wilcox, 1991) in a limited time (Morgan, 1998). The researcher is alert to new ideas within the process of the study. Employing focus group allowed the researcher to gain further insights into what people think about the corporate logo and its relation to corporate image and corporate reputation (Churchill, 1979; Fern, 1982; Krueger, 1994). According to authors (Byers and Wilcox, 1991; Zeller, 1986) marketing researchers use focus group method as an outstanding source of qualitative data.

Focus group technique was used in the current study for the following reasons: 1) "people are a valuable source of information", 2) "people can report on and about themselves, and that they

are articulate enough to verbalise their thoughts, feelings, and behaviors", 3) "the facilitator who 'focuses' the interview can help people retrieve forgotten information" 4) "the dynamics in the group can be used to generate genuine information, rather than the "group think phenomenon", 5) "interviewing a group is better than interviewing an individual" (Byers and Wilcox, 1991, p. 65), and 6) "identifying and pretesting questionnaire items" (Fern, 1982, p. 1).

When the new insight is discovered, it conveys the investigation in a new direction. The research carried out four focus groups with a total of 24 people (17 men and 7 women) to encourage a sufficient level of group interaction that fosters discussion (Krueger, 1994) and examine more directly the concept of the corporate logo. The age of the respondents ranged from 25 to 42 years, with a mean of 31 years. The participants were groups of people from culturally diverse backgrounds which make the research more useful (Smithson, 2000). Furthermore, it helped the researcher to gather a large amount of information on the topic by range of responses (Kover, 1982).

The group were asked about their attitude towards the corporate logos, company design, company perception, and advertisements of a global UK-based company. The questions were unstructured and open-ended, which allowed respondents to answer from a variety of dimensions. The data was collected from focus groups by the PhD researchers of Brunel Business School, Brunel University, who are lecturers and are experienced in marketing, as well as MBA students at Brunel Business School. The postgraduate students were asked to participate in this research to discuss their perceptions, opinions, beliefs and attitudes towards company logos and their relationship to company image and company reputation (see Table 4.5 for focus group discussion questions). The details of the focus group interviewees are demonstrated in Table 4.9. This is an effective way of gathering information, testing assumptions or generating information about the corporate logo. The focus group protocol illustrated in Appendix 4.2. This method of collecting data helped to gather information in a shorter time than one-to-one interviews and also had the added bonus of the group dynamic.

The venues and timing of focus group interviews were decided by participants and mainly they were gathered in the researcher's office and conference room at Brunel Business School. The researcher tried to provide a conducive enough environment for the respondents to feel comfortable expressing their opinions (Malhotra and Birks, 2000). Furthermore, group discussions provide safety in numbers and are essential to think about the extent to which a

group forum is one in which participants would be able to communicate fully (Ritchie *et al.,* 2003). The focus group benefitted from some diversity in the group composition and allowed the researcher to gain further insights into what people think about global companies operating in UK (Churchill, 1979; Krueger, 1994).

**Table 4.9: The details of participants in focus groups**

| Interview date | Number of participants | Interview occupation | Age range | Interview approx. length |
|---|---|---|---|---|
| 30.09.2009 | 6 | Staff of Brunel Business School, Doctoral researchers | 25-42 | 90 min. |
| 30.09.2009 | 6 | Staff of Brunel Business School, Doctoral researchers | 30-37 | 90 min |
| 05.09.2009 | 6 | MBA students | 25-29 | 60 min |
| 06.09.2009 | 6 | MBA students | 25-37 | 60 min |
| **Topics discussed** | | | | |
| - The understanding of the corporate logo<br>- General information about different global logos<br>- Impression of what they understand about corporate logos and their relationship to a company's image and company's reputation<br>- The impact of the corporate logo on their consumers' mind<br>- Discussion of the corporate name and whether it influences the design of the corporate logo<br>- Discussion of design, typeface and colour in their company<br>- The influences of corporate logo on company's products or services<br>- The influences of corporate logo on attitude towards advertisements<br>- The main perceived impacts of the corporate logo | | | | |

Source: The researcher

To deal with group member(s) dominating the research discussion, the researcher was encouraging each group members to speak within the group. Smithson (2000) defined focus group as a 'collective voice' which means as "a group process of collaboratively constructing a joint perspective, or argument, which emerges very much as a collective procedure which leads to consensus, rather than as any individual's view" (p. 109). The focus group interviews were reordered and transcribed in a verbatim fashion. The transcriptions were cross-checked with the second recorder. For reasons of confidentiality, the names of participants were replaced with a code.

The next section portrays how the information was incorporated into the questionnaire development.

## 4.5. THE SECOND PHASE (RESEARCH INSTRUMENT AND SCALE DEVELOPMENT)

The aim of this section is to develop valid and reliable measures of the theoretical construct through synthesising insight from the existing literature and qualitative study. Numerous items were produced in the first phase. Some of these items were identical or equivalent items, and for so they were excluded for the sake of parsimony. A number of academics assessed the items generated from the qualitative research and they removed unnecessary measures in order to ensure that these items were representative of the scale's domain.

The next section portrays how the information was incorporated into the questionnaire development.

### 4.5.1. Specifying the domain constructs

Specifying the content domain is usually achieved through the relevant literature and qualitative studies, which is the first stage in questionnaire development. As no study, to the best knowledge of the researcher, has so far produced a valid, reliable scale to measure corporate logos, this thesis will fill the gap in this area. It has followed Churchill's (1979) paradigm to develop better measures to generate a set of items, stemming from the literature, from interviews and researchers, which capture the domain of the constructs. To identify the better measurement, the operational definition and dimensions of focal construct are specified. Table 4.10 illustrates the main constructs and their definitions.

**Table 4.10: The main constructs and their definitions**

| Constructs | Definitions | Major references |
|---|---|---|
| **Corporate logo** | Corporate logo is the signature of a company with an essential communication, distinctiveness, which can reflect a company's image | Henderson and Cote (1998); Melewar (2003); Melewar and Saunders (1999); Schmitt and Simonson (1997) |
| **Typeface** | Typeface is the visual perceptual property of a company, which is the art, or skill of designing communication by means of the printed word | Childers and Jass (2002); Henderson *et al.(*2004); Hutton (1987); McCarthy and Mothersbaugh (2002); Pan and Schmitt (1996); Tantillo *et al.* (1995). |
| **Corporate name** | Corporate name is the most pervasive element in corporate and brand communications that identifies a company and increases recognition speed | (Henderson and Cote (1998); Kohli *et al.*(2002); Schechter (1993) |
| **Colour** | Colour is a medium of communication and is an integral element of corporate and marketing communications, which induces emotions and moods, impacts on consumers' perceptions and behaviour, and helps organisations position or differentiate themselves from competitors | Aslam (2006); Tavassoli (2001) |
| **Design** | Design is a creative process that conveys a message or creates effective communications for companies | Andriopoulos and Gotsi (2001) |
| **Corporate image** | Corporate image is the immediate mental picture an individual holds of the organisation. It can materially affect individuals' sense of association with an organisation and is likely to have an impact on behaviour | Balmer *et al.* (2011); Karaosmanoglu *et al.* (2011) |
| **Corporate reputation** | Corporate reputation endowed with a judgment and is the overall evaluation of a company over time | Gotsi and Wilson (2001); Herbig and Milewicz (1994) |
| **Attitude towards advertisement** | Attitude towards advertisement is an enduring feeling towards and evaluative judgment of an advertisement after an individual sees the message content embedded within it | Shimp (2000) |
| **Familiarity** | Familiarity with company and product refers to how familiar a consumer is with a given product category | Josiassen *et al.* (2008) |
| **Recognisability** | Recognisability is the identification of something that has been seen previously and comes back to mind when it is seen it again | Clow and Baack (2007) |

This research focuses on examining the influences of the corporate logo on corporate image and corporate reputation. Therefore, the literature review includes corporate visual identity, corporate logo, corporate identity and design. The existing scales relating to domains as well as items are extracted from various marketing, design and management journals such as the *Journal of Marketing, Journal of Marketing Research, and European Journal of Marketing*. On the basis of the theoretical information obtained, the conceptual framework was developed from the literature review (see Figure 3.1 in Chapter III).

### 4.5.2. Generation of measurement items

The item generation is the second step in Churchill's (1979) paradigm. The following recommendation by DeVillis (2003) was taken into account to develop the scale: 1) avoiding exceptional length, 2) readability level of each item, 3) double-barrelled items, 4) ambiguous pronoun references, and 5) positive and negatively worded items (pp. 66-70). In order to generate the measurement items, the researcher used a combination of literature and a qualitative study (i.e. semi-structured interviews with experts and focus groups with academia) (Churchill, 1979; Gupta *et al.,* 2010, 2011; Palmer, 2011). The items which represent each construct are a multi-item scale and regenerated from the existing literature.

According to Churchill (1979) the single-items usually have considerable "uniqueness or specificity in that each item seems to have only a low correlation with the attribute being measured and tends to relate to other attributes" (p. 66). Freling *et al.* (2010) state an attribute usually perceived as satisfying which can be viewed more favourably and can be resulted in a more positive attitude toward the object. On the other hand, an attribute that is not perceived as satisfying can be observed as unfavorable and can be resulted in a more negative attitude toward the object. Furthermore, the single items have significant measurement error and can produce "unreliable responses in the same way so that the same scale position is unlikely to be checked in successive administrations of an instrument" (Churchill, 1979, p. 66).

The main goal of using qualitative study in this research was to discover new insights that have not been captured by reviewing the related literature. The interviews with managers and experts and four focus groups are followed by the literature. According to Churchill (1979), a multi-item scale should be used for each construct. Scholars (Churchill, 1979; Jacoby, 1978; Kotabe,

1990; Lichtenstein *et al.,* 1990; Peter, 1979, 1981; Zaichkowsky, 1985) have highlighted the need for explicit attention to be paid to examining the reliability and validity of measurement employed in marketing studies. The researcher creates some of the scales that are based on previous studies and represent high reliability and validity. Items from the literature were firstly screened out and defined. The researcher identified the relevant items that were kept to a minimum to avoid redundancy in the measures and an exceptionally lengthy questionnaire.

The initial item generation produced 95 items. The measurement items generated: 17 items for the favourable corporate logo, 10 items for typeface, 9 items for design, 6 items for colour, 10 items for favourable corporate name, 5 items for corporate image, 8 items for corporate reputation, 15 items for attitude towards a company's advertisement, 9 items for familiarity, and 6 items for recognisability. Table 4.11 shows the constructs and the number of initial items.

**Table 4.11: The constructs and the number of initial items**

| Constructs | | No. of initial item |
|---|---|---|
| Corporate logo | | 17 |
| Corporate logo elements | Typeface | 10 |
| | Design | 9 |
| | Colour | 6 |
| | Corporate name | 10 |
| Corporate image | | 5 |
| Corporate reputation | | 8 |
| Attitude towards advertisement | | 15 |
| Familiarity | | 9 |
| Recognisability | | 6 |

The following main constructs and its measurements from the literature, and the qualitative study are illustrated in Table 4.12 (see also Chapters 2 and 3 for the literature review).

**Table 4.12: The domain and items of construct in extent literature**

| Construct | Measurement items | Major references |
|---|---|---|
| **Corporate logo** | | |
| The company logo is recognisable | | Ajala (1991); Clow and Baack (2007); Cutlip and Center (1982); Henderson and Cote (1998); Stafford *et al.* (2004); Klink (2003); Robertson (1989); Vartorella (1990) |
| The company logo is appropriate | | The qualitative study |
| The company logo is familiar | | Kapferer (1992); Stuart (1997); Pilditch (1970) |
| The company logo communicates what the company stands for | | Kapferer (1992); Stuart (1997); Pilditch (1970) and also enhanced and supported by the qualitative study |
| The company logo evokes positive effect | | Henderson and Cote (1998) |
| The company logo makes me have positive feelings towards the company | | The qualitative study |
| The company logo is distinctive | | Ajala (1991); Cutlip and Center (1982); Henderson and Cote (1998) |
| The company logo is attractive | | The qualitative study |
| The company logo is meaningful | | Henderson and Cote (1998) |
| The company logo is memorable | | Ajala (1991); Henderson and Cote (1998); Wheeler (2003) and also validated by the qualitative study |
| The company logo is visible | | Fombrun and Van Riel (2004) |
| The company logo is high quality | | Henderson and Cote (1998) |
| The company logo communicates the company's personality | | Bernstein (1986); Van Heerden and Puth (1995); Van Riel *et al.* (2001); Wheeler (2003) and also enhanced by the qualitative study |
| The company logo is interesting | | Henderson and Cote (1998) and also supported by the qualitative study |
| I like the company logo | | The qualitative study |
| The company logo is fashionable and modern | | Kapferer (1992); Stuart (1997); Pilditch (1970) |
| The company logo is original | | Ajala (1991); Cutlip and Center (1982) |
| **Typeface** | | |
| The company's typeface is attractive | | Henderson *et al.* (2004) |
| The company's typeface is interesting | | The qualitative study |
| The company's typeface is artistic | | The qualitative study |
| The company's typeface is potent | | Childers and Jass (2002) |
| The company's typeface is novel | | Childers and Jass (2002) |

| | |
|---|---|
| The company's typeface is elegant | Childers and Jass (2002) |
| The company's typeface is honest | Henderson *et al.* (2004) |
| The company's typeface communicates with me when the logo is simply not feasible | The qualitative study |
| The company's typeface is immediately readable | The qualitative study |
| The company's typeface makes me have positive feelings towards the company | The qualitative study |
| **Design** | |
| The design of the logo is familiar | Cohen (1991); Henderson and Cote (1998); Peter (1989); Robertson (1989); Vartorella (1990) |
| The design of the logo is meaningful | Henderson and Cote (1998) |
| The design of the logo communicates the company's identity | Huppatz (2005); Melewar and Akel (2005); Van den Bosch *et al.* (2006) |
| The design of the logo reflects the personality of the company | Bernstein (1986); Van Heerden and Puth (1995); Van Riel *et al.* (2001) |
| The design of the logo is distinct | Henderson and Cote (1998); Fombrun and Van Riel (2004) |
| The design of the logo helps memorability | Henderson and Cote (1998); Van den Bosch *et al.* (2005) |
| The design of the logo communicates clear meanings | Cohen (1991); Peter (1989); Robertson (1989); Temporal (2000); Vartorella (1990); Henderson *et al.* (2003) |
| The design of the logo communicates the corporate message | Brachel (1999); Durgee and Stuart (1987); Keller (1993); Kropp *et al.* (1990); Schmitt (1995); Van Riel (1995) |
| I like the design of the logo | Henderson *et al.* (2003) |
| **Colour** | |
| The colour of the logo affects my judgments and behaviour | Aslam (2006); Tavassoli (2001), and also supported by the qualitative study |
| The colour of the logo is recognisable | Balmer and Gray (2000); Van Riel *et al.* (2001), and also supported by the qualitative study |
| The colour of the logo is unique | Madden *et al.* (2000) |
| The colour of the logo affects my mood | Aslam (2006); Tavassoli (2001), also, validated by the qualitative study |
| The colour of the logo is pleasant | Madden *et al.* (2000) |
| The colour of the logo is meaningful | Madden *et al.* (2000); Osgood *et al.* (1957) |
| **Corporate name** | |

| | |
|---|---|
| Corporate name is easy to remember | Chan and Huang (1997); Collins (1977); Klink (2003); Kotler and Armstrong (1997); McCarthy and Perreault (1987); McNeal and Zeren (1981) |
| Corporate name is unique versus the competition | Chan and Huang (1997); Collins (1977); Klink (2003); Kotler and Armstrong (1997); McCarthy and Perreault (1987); McNeal and Zeren (1981) |
| Corporate name is always timely (does not get out of date) | Chan and Huang (1997); Collins (1977); Kotler and Armstrong (1997); McCarthy and Perreault (1987) |
| Corporate name communicates about the company and the product's benefits and qualities | Collins (1977); Klink (2003); Kotler and Armstrong (1997); McNeal and Zeren (1981) |
| Corporate name is short and simple | Chan and Huang (1997); Collins (1977); Klink (2003); Kotler and Armstrong (1997) |
| Corporate name is promotable and advertisable | Chan and Huang (1997); Collins (1977); Kotler and Armstrong (1997) |
| Corporate name is pleasing when read or heard and easy to pronounce | Chan and Huang (1997); Collins (1977); Klink (2003); Kotler and Armstrong (1997); McCarthy and Perreault (1987); McNeal and Zeren (1981) |
| Corporate name is recognisable | McCarthy and Perreault (1987); Kohli *et al.* (2002) |
| Corporate name is easy recall | Klink (2003) |
| I like the company's name | The researcher |

**Corporate image**

| | |
|---|---|
| I like the company | Brown and Dacin (1997); Sen and Bhattacharya (2001); William and Moffit (1997) |
| I like the company compared to other companies in the same sector | William and Moffit (1997) |
| I think other consumers like the company as well | William and Moffitt (1997) |
| The company's logo communicates about the company to its customers | Henderson and Cote (1998); Pilditch (1970), and also supported by the qualitative study |
| The company's logo enhances the company's image | Brachel, 1999; Henderson and Cote (1998) and also validated by the qualitative study |

**Corporate reputation**

| | |
|---|---|
| I have a good feeling about the company | Chun (2005); Fombrun *et al.* (2000) |
| I admire and respect the company | Chun (2005) |
| I trust the company | Chun (2005); Fombrun *et al.* (2000) |
| The company offers products and services that are good value of money | Chun (2005); Helm (2007); Fombrun *et al.* (2000) |
| The company has excellent leadership | Helm (2007); Fombrun *et al.* (2000) |
| The company is well managed | Chun (2005); Fombrun *et al.* (2000) |

| | |
|---|---|
| The company is an environmentally responsible company | Chun (2005); Helm (2007) |
| I believe the company offers high quality services and products | Chun (2005); Helm (2007) |

**Attitude towards the advertisement**

| | |
|---|---|
| The company's advertisement is high quality | Biel and Bridgwater (1990); Campbell and Keller (2003); Gardner (1985); Lichtle (2007); Lutz *et al.* (1983); MacKenzie *et al.* (1986); Mitchell and Olson (1981); Phelps and Thorson (1991) |
| The company's advertisement communicates what the company stands for | The qualitative study |
| The company's advertisement is appalling | Campbell and Keller (2003) |
| The company's advertisement makes me have positive feelings towards the company | The qualitative study |
| The company's advertisement holds the attention | Biel and Bridgwater (1990); Campbell and Keller (2003); Gardner (1985); Lichtle (2007); Lutz *et al.* (1983); MacKenzie *et al.* (1986); Mitchell and Olson (1981); Phelps and Thorson (1991) |
| The company's advertisement is interesting | Biel and Bridgwater (1990); Campbell and Keller (2003); Gardner (1985); Lichtle (2007); Lutz *et al.* (1983); MacKenzie *et al.* (1986); Mitchell and Olson (1981); Phelps and Thorson (1991) |
| The company's advertisement is informative | Biel and Bridgwater (1990); Lichtle (2007) |
| The company's advertisement is convincing | Biel and Bridgwater (1990); Lichtle (2007) |
| The company's advertisement differentiate the firm and product and services from its competitors | Brachel (1999); Melewar *et al.* (2001); Henderson and Cote (1998) |
| The company's advertisement is original and unique | Brachel (1999) |
| The company's advertisement is pleasant | Biel and Bridgwater (1990); Campbell and Keller (2003); Gardner, 1985; Lichtle (2007); Lutz *et al.* (1983); MacKenzie *et al.* (1986); Mitchell and Olson (1981); Phelps and Thorson (1991) |
| The company's advertisement is good | Campbell and Keller (2003) |
| I am irritated to see an advertisement | Biel and Bridgwater (1990); Lichtle (2007) |
| The company's advertisement offers the kind of products I would use | Biel and Bridgwater (1990); Lichtle (2007) |
| The company's advertisement is reliable | Biel and Bridgwater (1990); Lichtle (2007) |

**Familiarity**

| | |
|---|---|
| The company and the product are familiar to me | Park and Lessing (1981) |
| The company and the product are original and unique | The qualitative study |
| I have previous experience with the different HSBC products that exist in the market | Baker *et al.* (1986); Duncan and Moriarty (1998); Ha (2005); Laroche *et al.* (1996); Park and Lessing (1981); also supported by the qualitative study |
| The company has products for today's consumer | The qualitative study |
| The company and its product offers the kind of products I would use | The qualitative study |
| I have much experience with the quality of the products and services | Baker *et al.* (1986); Duncan and Moriarty (1998); Ha (2005); Laroche *et al.* (1996); Park and Lessing (1981); also supported by the qualitative study |
| I think I have enough information to make an informed judgment about the company's product and services' | Baker *et al.* (1986); Ha (2005); Laroche *et al.* (1996); Park and Lessing (1981) |
| The company and the product gives me a feeling of goodwill | Baker *et al.* (1986); Ha (2005); Laroche *et al.* (1996); Park and Lessing (1981) |
| The company and its product are well-known in detail | Baker *et al.* (1986); Ha (2005); Laroche *et al.* (1996); Park and Lessing (1981) |
| **Recognisability** | |
| The company is recognisable | Baker and Balmer (1997); Dowling (1994); Hatch and Schultz (2001); Henderson and Cote (1998); Kotler (2000); Omar and Williams (2006); Van Riel *et al.* (2001) |
| The company and the product are memorable | The qualitative study |
| The company and the product are recalled easily | The qualitative study |
| The company and the product are distinct from other companies | The qualitative study |
| The product is recognisable | Baker and Balmer (1997); Dowling (1994); Hatch and Schultz (2001); Henderson and Cote (1998); Kotler (2000); Omar and Williams (2006); Van Riel *et al.* (2001) |
| The company and its product recognisability influence on my decision. | The qualitative study |

### 4.5.3. Purifying measurement scales

Purifying the measurement scales is the third step of Churchill's (1979) paradigm for better development. The calculation for purifying measures is related to some extent to the measurement model one adopts (Churchill, 1979). By its nature, validity is "the degree to which what the researcher was trying to measure was actually measured" (McDaniel and Gates, 2006, pp. 224-227). This study conducted two types of validity during the preliminary stages and before conducting the main survey: face validity and content validity. Both are subjective in nature and provide an indication of the adequacy of the questionnaire. According to Kerlinger (1973) content validity is basically judgemental and refers to "the extent to which a specific set of items reflects a content domain" (DeVellis, 2003, p. 49).

To assess the content validity of the items, which were used in the questionnaire, the first version was discussed with 7 faculty members in the department of marketing at Brunel Business School, who are familiar with the topic and assessed for content validity by using judging procedures (Bearden *et al.,* 1993; Zaichkowsky, 1985). They were required to comment on the suitability of the items and check the clarity of wording; their suggestions were then incorporated. The lecturers were asked about the importance of each statement and to indicate which items should be retained (Lichtenstein *et al.,* 1990). They were asked to judge whether the items used in the instrument were representative of the area being investigated. Academics have acted as judges of a scale's domain in previous studies. The results of this procedure reflect the 'informed' judgments of experts in the content field (Green *et al.,* 1988). The content of a measurement instrument concerns the substance, matter and topics, which are included as they related to the characteristic being, measured (Green *et al.,* 1988). The summary of benefits and limitations of content analysis is illustrated in Table 4.13.

After amendments, 3 lecturers examined the questionnaire for face validity or whether the questionnaire items measure what they were intended to measure. The lecturers were asked to fill out the questionnaire and comment on whether the questionnaire appeared to measure the intended construct, wording, layout, and ease of competing.

The items which collected from literature were cross-examined with the responses given by the consultants and managers interviewed as well as focus group participants. Two interviewees recommended the use of present tense in the statements as this survey is about consumer's perception; therefore, the researcher employed the present tense in all statement.

**Table 4.13: Summary of benefits and limitations of content analysis**

| Benefits | Limitations |
|---|---|
| **Flexibility of research design i.e. types of inferences** | Analyses the communication (message) only |
| **Supplements multi-method analyses** | Findings may be questionable alone, therefore, verification using another method may be required |
| **Wide variety of analytical application** | Underlying premise must be frequency related |
| **May be qualitative and/or quantitative** | Reliability – stability, reproducibility, accuracy of judges |
| **May be automated – improves, reliability, reduces cost/time** | Validity – construct, hypothesis, predictive and semantic |
| **Range of computer software developed** | Less opportunity to pre-test, discuss mechanism with independent judges |
| **Copes with large quantities of data** | Undue bias if only part data is analysed, possibly abstracting from context of communication |
| **Unobtrusive, unstructured, context sensitive** | Lack of reliability and validity measures reported, raising questions of credibility |
| Development of standards applicable to specific research, eg., negotiations | |

Source: Harwood and Garry (2003, p. 493).

The initial measurement for favourable corporate logo was based on research (Ajala, 1991; Bernstein, 1986; Clow and Baack, 2007; Cutlip and Center, 1982; Henderson and Cote, 1998; Kapferer, 1992; Klink, 2003; Pilditch, 1970; Robertson, 1989; Stafford *et al.,* 2004; Stuart, 1997; Van Heerden and Puth, 1995; Van Riel *et al.,* 2001; Vartorella, 1990; Wheeler, 2003). Authors (Balmer and Gray, 2000; Henderson and Cote, 1998; Hill, 1962; Melewar and Akel, 2005; Olins, 1978, 1989; Tucker, 1961; Van den Bosch *et al.,* 2005, 2006) recognised the importance of 'corporate logo is fashionable and modern'. 'Corporate logo is original' was identified by literature (Ajala, 1991; Cutlip and Center, 1982). However, the academia and experts commented on the 2 items related to 'attitude toward the logo' ('the corporate logo is fashionable and modern', and 'the company logo is original') as not representing the construct. As a result, the items were removed from the questionnaire.

Likewise, two items were excluded from the items which identified by Childers and Jass (2002): 'the company's typeface is elegant' and 'the company's typeface is novel' for not representing the construct. The items of attitude towards the advertisement scale were from studies by authors (Biel and Bridgwater, 1990; Campbell and Keller, 2003; Gardner, 1985;

Lichtle, 2007; Lutz *et al.,* 1983; MacKenzie *et al.,* 1986; Mitchell and Olson, 1981; Phelps and Thorson, 1991). The experts proposed that the two items ('I am irritated to see an advertisement' and 'the company's advertisement offers the kind of products I would use') are inappropriate to 'the attitude towards the advertisement' construct. As a result, 2 items were dropped. The experts proposed that 'I find that advertising is informative' need to be changed to 'the company's advertisement is formative'. Campbell and Keller (2003) measured 'attitude toward the advertisement' with a 4-items, anchored by 'good', 'high quality', 'appealing', and 'pleasant'. However, interviewees and exerts believed that 'good' and 'high quality' have the same meaning as 'favourable'. For this reason, the item was reworded as suggested by academia as 'the company's advertisement is favourable'. Also, based on the experts' judges 'appealing' and 'pleasant' were merged into an 'interesting' item.

9 items were removed after content analysis by the judgment of academia at the Business School. Consequently, the pre-test items were verified for appearance by seven academics and for lexical correctness by three academics before the pilot testing of the questionnaire. The list of the constructs and the reduced number of items are in Table 4.14.

**Table 4.14: The constructs and the number of final items and the items for the pre-test**

| Constructs | | No. of initial items | Final items for pilot study |
|---|---|---|---|
| Corporate logo | | 17 | 15 |
| Corporate logo elements | Typeface | 10 | 8 |
| | Design | 9 | 9 |
| | Colour | 6 | 6 |
| | Corporate name | 10 | 10 |
| Corporate image | | 5 | 5 |
| Corporate reputation | | 8 | 8 |
| Attitude towards advertisement | | 15 | 10 |
| Familiarity | | 9 | 9 |
| Recognisability | | 6 | 6 |

Malhotra and Birks (2000) state that a questionnaire should be used after pilot testing. The purpose of a pilot test is to help refine the questionnaire so that respondents have no difficulty answering (Saunders *et al.,* 2007), creating a more effective field survey for the study. The pre-

test study was used to refine the measurement instrument and modifications were made to the measures to generate reliable and valid measures.

Most items used interval scales and scores on the Likert-type scale (anchored by 0, strongly disagree and 7, strongly agree) and the respondents are consumers, depending on the extent of their knowledge of the situations. The Likert scale requires the respondents to specify a degree of agreement or disagreement to evaluate attitude toward the corporate logo. Likert is the most commonly used scale in marketing research and provides satisfactory properties with regard to the underlying distribution of responses (Bagozzi, 1994). Authors (Churchill and Peter, 1984; O'Neill and Palmer, 2004) suggested that, to increase construct variance and decrease measurement error variance, the number of scale points should be increased by replacing the ubiquitous five-point Likert scale with a seven-point Likert scale. Based on the results of the quantitative assessment, the items were adjusted and submitted to scale purification through the questionnaire (see Table 4.15).

**Table 4.15: Measurement items of the theoretical constructs and the codes**

| Construct | Items wording | Items codes |
|---|---|---|
| Corporate logo | | |

|  |  |  |
|---|---|---|
| **Typeface** | The company logo is recognisable | **CL_1** |
| | The company logo is appropriate | **CL_2** |
| | The company logo is familiar | **CL_3** |
| | The company logo communicates what the company stands for | **CL_4** |
| | The company logo evokes positive effect | **CL_5** |
| | The company logo makes me have positive feelings towards the company | **CL_6** |
| | The company logo is distinctive | **CL_7** |
| | The company logo is attractive | **CL_8** |
| | The company logo is meaningful | **CL_9** |
| | The company logo is memorable | **CL_10** |
| | The company logo is visible | **CL_11** |
| | The company logo is high quality | **CL_12** |
| | The company logo communicates the company's personality | **CL_13** |
| | The company logo is interesting | **CL_14** |
| | I like the company logo | **CL_15** |
| | The company's typeface is attractive | **CLT_1** |
| | The company's typeface is interesting | **CLT_2** |
| | The company's typeface is artistic | **CLT_3** |
| | The company's typeface is potent | **CLT_4** |
| | The company's typeface is honest | **CLT_5** |
| | The company's typeface communicate with me when the logo is simply not feasible | **CLT_6** |
| | The company's typeface is immediately readable | **CLT_7** |
| | The company's typeface makes me have positive feelings towards the company | **CLT_8** |
| **Design** | The design of the logo is familiar | **CLD_1** |
| | The design of the logo is meaningful | **CLD_2** |
| | The design of the logo communicates the company's identity | **CLD_3** |
| | The design of the logo reflects the personality of the company | **CLD_4** |
| | The design of the logo is distinct | **CLD_5** |
| | The design of the logo helps memorability | **CLD_6** |
| | The design of the logo communicates clear meanings | **CLD_7** |
| | The design of the logo communicates the corporate message | **CLD_8** |
| | I like the design of the logo | **CLD_9** |
| **Colour** | The colour of the logo affects my judgments and behaviour | **CLC_1** |
| | The colour of the logo is recognisable | **CLC_2** |
| | The colour of the logo is unique | **CLC_3** |
| | The colour of the logo affects my mood | **CLC_4** |
| | The colour of the logo is pleasant | **CLC_5** |
| | The colour of the logo is meaningful | **CLC_6** |
| **Corporate name** | The company's name is easy to remember | **CLN_1** |
| | The company's name is unique versus the competition | **CLN_2** |
| | The company's name is always timely (does not get out of date) | **CLN_3** |
| | The company's name communicates about the company and the product's benefits and qualities | **CLN_4** |
| | The company's name is short and simple | **CLN_5** |
| | The company's name is promotable and advertisable | **CLN_6** |

| | | |
|---|---|---|
| | The company's name is pleasing when read or heard and easy to pronounce | **CLN_7** |
| | The company's name is recognisable | **CLN_8** |
| | The company's name is easy recall | **CLN_9** |
| | I like the company name | **CLN_10** |
| **Corporate image** | | |
| | I like the company | **CI_1** |
| | I like the company compared to other companies in the same sector | **CI_2** |
| | I think other consumers like the company as well | **CI_3** |
| | The company's logo communicates information about the company to its customers | **CI_4** |
| | The company's logo enhances the company's image | **CI_5** |
| **Corporate reputation** | | |
| | I have a good feeling about the company | **CR_1** |
| | I admire and respect the company | **CR_2** |
| | I trust the company | **CR_3** |
| | The company offers products and services that are good value of money | **CR_4** |
| | The company has excellent leadership | **CR_5** |
| | The company is a well-managed | **CR_6** |
| | The company is an environmentally responsible company | **CR_7** |
| | I believe the company offers high quality services and products | **CR_8** |
| **Attitude towards advertisement** | | |
| | The company's advertisement is favourable | **CAD_1** |
| | The company's advertisement communicates what the company stands for | **CAD_2** |
| | The company's advertisement makes me have positive feelings towards the company | **CAD_3** |
| | The company's advertisement holds the attention | **CAD_4** |
| | The company's advertisement is interesting | **CAD_5** |
| | The company's advertisement is formative | **CAD_6** |
| | The company's advertisement is convincing | **CAD_7** |
| | The company's advertisement differentiates the firm and product and services from its competitors | **CAD_8** |
| | The company's advertisement is original and unique | **CAD_9** |
| | The company's advertisement is reliable | **CAD_10** |
| **Familiarity** | | |
| | The company and the product are familiar to me | **CPF_1** |
| | The company and the product are original and unique | **CPF_2** |
| | I have previous experience with the different HSBC products that exist in the market | **CPF_3** |
| | The company has products for today's consumer | **CPF_4** |
| | The company and its product offers the kind of products I would use | **CPF_5** |
| | I have much experience with the quality of the products and services | **CPF_6** |
| | I think I have enough information to make an informed judgment about the company's product and services' | **CPF_7** |
| | The company and the product gives me a feeling of goodwill | **CPF_8** |
| | The company and its product are well-known in detail | **CPF_9** |
| **Recognisability** | | |
| | The company is recognisable | **CPR_1** |
| | The company and its product are memorable | **CPR_2** |
| | The company and its product are recalled easily | **CPR_3** |
| | The company and the product are distinct from other companies | **CPR_4** |
| | The product is recognisable | **CPR_5** |

| | The company and its product recognisability influence on my decision. | **CPR_6** |

Source: Developed for the current study by the researcher

## 4.5.3.1. Quantitative assessment: pilot study

After qualitative assessment, the exploratory research revised the questionnaire for testing the hypotheses. Then, based on recommendations by respondents, essential changes were made for use in the actual survey (Gupta *et al.,* 2011; Malhotra and Birks, 2000) to understand whether the constructs are valid and the measurement scales are able to evaluate reliability through the pilot study (Saunders *et al.,* 2007).

## 4.5.3.1.1. Pilot study

A pilot study (pre-test) is related to the development of the questionnaire and measurement instrument, which is used in the main survey (Malhotra and Birks, 2000). According to the researchers (Denscombe, 2007; Malhotra and Birks, 2000; Ticehurst and Veal, 2005), the pilot study aims to assess the significant requirements during instrument purification e.g. testing questions wording, sequence, form and layout, question difficulty and instruction, familiarity with respondents, response rate, questionnaire completion time and analysis process. The purpose of the pilot study is to clarify the questionnaire so that there are no ambiguously formulated items (Welman and Kruger, 2001), respondents are able to easily answer the questions and there are no problems in recording the data (Saunders *et al.,* 2007). Respondents should have no difficulty answering (Saunders *et al.,* 2007) in order to measure the timing and clarity of the survey, reliability of the constructs, and manipulation checks (Malhotra, 1999). The pilot study was used to refine the measurement instrument and modifications made to the measures to generate reliable and valid measures. It helps the respondents answer the questions without any problems (Saunders *et al.,* 2007).

Questionnaires were distributed between September and October 2009. By the cut-off date, 72 questionnaires were collected. 22 questionnaires were removed due to the large quantity of missing data and the low quality of the responses. 50 accurate questionnaires were collected.

Table 4.16 demonstrates the demographic profile of the consumer's pre-test sample. A comprehensive process of questionnaire testing and piloting followed.

According to Malhotra and Birks (2000), the pilot study sample size should consist of 20 to 40 respondents in a small-scale test of what the survey is to be, including all the activities that go into the final survey (Malhotra and Birks, 2000). The questionnaire was tested for the pilot study by 50 respondents who are academics (lecturers and doctoral researchers) at Brunel University. The respondents included in the pilot study were not invited to participate in the final study. This is because it may impact on their behaviour if they have already been involved in the pilot (Haralambos and Holborn, 2000).

**Table 4.16: Demographic profile of consumer's pre-test sample (N=50)**

| Sample size (N) | | N | % |
|---|---|---|---|
| | 19 years old or less | | |
| | 20 to 29 years | 15 | 30 |
| | 30 to 39 years | 32 | 64 |
| | 40 to 49 years | 3 | 6 |
| | 50 to 59 years | | |
| | 60 years old or more | | |
| | Total | 50 | 100 |
| | Male | 26 | 52 |
| | Female | 24 | 48 |
| | Total | 50 | 100 |
| | High school | | |
| | Undergraduate | | |
| | Postgraduate and above | 50 | 100 |
| | N/A | | |
| | Total | 50 | 100 |
| | Lecturer | 6 | 12 |
| | Student | 44 | 88 |
| | Total | 50 | 100 |

In the purification process of the instrument, 50 questionnaires were collected to assess the 1) validity and 2) reliability to ensure that "measures are free from the error and therefore yield consistent results" (Peter, 1979, p. 6). Reliability extends to whether a set of variables is consistent for what it is intended to measure and was assessed via Cronbach's alpha (Cronbach, 1951). According to Melewar (2001), before conducting the main survey, it is important that "the measures used are developed and investigated for the reliability" (p. 38). Reliability is a necessary precondition of validity. In addition, exploratory factor analysis (EFA) was

performed in the pilot study to reduce the items and identify any pattern in the data (De Vaus, 2002). The scale showed a high degree of reliability, with a Cronbach's alpha of 0.8.43. Table 4.17 presents the results of reliability testing as well as factor analysis. According to Hair *et al.* (1998), a coefficient alpha that is greater than 0.70 is highly suitable for most research purposes (De Vaus, 2002; Hair *et al.,* 2006; Nunnally, 1978; Palmer, 2011).

**Table 4.17: Reliability measures and for each construct on the basis of the pilot study**

| Constructs | | Cronbach's alpha | Items | Correlated item-total correlation | Cronbach's alpha if the items deleted | Mean | Std.D |
|---|---|---|---|---|---|---|---|
| Corporate logo (15) | | .965 | | | | | |
| | | | CL_1 | .877 | .961 | 5.70 | 1.233 |
| | | | CL_2 | .895 | .961 | 5.50 | 1.313 |
| | | | CL_3 | .902 | .961 | 5.34 | 1.303 |
| | | | CL_4 | .891 | .961 | 5.58 | 1.144 |
| | | | CL_5 | .830 | .962 | 5.14 | 1.370 |
| | | | CL_6 | .896 | .961 | 5.34 | 1.303 |
| | | | CL_7 | .897 | .961 | 5.48 | 1.328 |
| | | | CL_8 | .887 | .961 | 5.34 | 1.287 |
| | | | CL_9 | .888 | .961 | 5.70 | 1.249 |
| | | | CL_10 | .853 | .962 | 5.50 | 1.129 |
| | | | CL_11 | .887 | .961 | 5.62 | 1.308 |
| | | | CL_12 | .380 | .974 | 4.88 | 1.881 |
| | | | CL_13 | .872 | .961 | 5.52 | 1.297 |
| | | | CL_14 | .901 | .961 | 5.48 | 1.313 |
| | | | CL_15 | .475 | .971 | 4.98 | 1.824 |
| | | Typeface (8) | .865 | | | | |
| | | | CLT_1 | .210 | .921 | 5.06 | 1.683 |
| | | | CLT_2 | .673 | .844 | 5.86 | .948 |
| | | | CLT_3 | .740 | .835 | 5.84 | 1.057 |
| | | | CLT_4 | .725 | .836 | 5.78 | 1.075 |
| | | | CLT_5 | .681 | .842 | 5.92 | .986 |
| | | | CLT_6 | .764 | .834 | 5.80 | 1.010 |
| | | | CLT_7 | .825 | .825 | 5.80 | 1.069 |
| | | | CLT_8 | .672 | .843 | 5.92 | 1.007 |
| CORPORATE LOGO ELEMENTS | | Design (9) | .880 | | | | |
| | | | CLD_1 | .744 | .858 | 5.62 | .967 |
| | | | CLD_2 | .844 | .850 | 5.90 | .974 |

| | | | | | |
|---|---|---|---|---|---|
| | | CLD_3 | .762 | .857 | 5.82 | .941 |
| | | CLD_4 | .621 | .868 | 5.54 | .908 |
| | | CLD_5 | .867 | .848 | 5.96 | .947 |
| | | CLD_6 | .840 | .850 | 5.90 | .974 |
| | | CLD_7 | .810 | .852 | 5.70 | .995 |
| | | CLD_8 | .021 | .951 | 5.26 | 1.712 |
| | | CLD_9 | .804 | .854 | 5.88 | .940 |

| Colour (6) | .832 | | | | | |
|---|---|---|---|---|---|---|
| | | CLC_1 | .659 | .797 | 5.80 | .969 |
| | | CLC_2 | .792 | .770 | 5.86 | 1.010 |
| | | CLC_3 | .771 | .774 | 5.70 | 1.015 |
| | | CLC_4 | .207 | .922 | 4.98 | 1.597 |
| | | CLC_5 | .774 | .776 | 5.56 | .972 |
| | | CLC_6 | .746 | .776 | 5.66 | 1.081 |

| Corporate name (10) | .965 | | | | | |
|---|---|---|---|---|---|---|
| | | CLN_1 | .886 | .960 | 5.62 | 1.338 |
| | | CLN_2 | .909 | .960 | 5.78 | 1.298 |
| | | CLN_3 | .938 | .959 | 5.44 | 1.343 |
| | | CLN_4 | .950 | .958 | 5.72 | 1.415 |
| | | CLN_5 | .920 | .959 | 5.72 | 1.386 |
| | | CLN_6 | .607 | .959 | 5.44 | 1.402 |
| | | CLN_7 | .960 | .958 | 5.72 | 1.371 |
| | | CLN_8 | .950 | .958 | 5.72 | 1.429 |
| | | CLN_9 | .948 | .958 | 5.74 | 1.426 |
| | | CLN_10 | .396 | .988 | 4.86 | 2.109 |

| Corporate image (5) | .965 | | | | | |
|---|---|---|---|---|---|---|
| | | CI_1 | .808 | .971 | 5.74 | 1.226 |
| | | CI_2 | .936 | .951 | 5.96 | 1.237 |
| | | CI_3 | .942 | .950 | 5.98 | 1.234 |
| | | CI_4 | .936 | .951 | 5.95 | 1.233 |
| | | CI_5 | .880 | .960 | 5.86 | 1.245 |

| Corporate reputation (8) | .937 | | | | | |
|---|---|---|---|---|---|---|
| | | CR_1 | .873 | .892 | 5.52 | 1.147 |
| | | CR_2 | .836 | .896 | 5.52 | 1.074 |
| | | CR_3 | .865 | .892 | 5.34 | 1.189 |
| | | CR_4 | .868 | .893 | 5.48 | 1.129 |
| | | CR_5 | .868 | .892 | 5.56 | 1.163 |
| | | CR_6 | .849 | .894 | 5.52 | 1.165 |
| | | CR_7 | .872 | .891 | 5.34 | 1.239 |
| | | CR_8 | .157 | .969 | 4.62 | 1.772 |

| Attitude towards advertisements (10) | .911 | | | | | |
|---|---|---|---|---|---|---|
| | | CAD_1 | .706 | .900 | 5.36 | 1.156 |
| | | CAD_2 | .774 | .895 | 4.68 | 1.269 |
| | | CAD_3 | .892 | .888 | 4.76 | 1.255 |
| | | CAD_4 | .816 | .893 | 4.88 | 1.256 |
| | | CAD_5 | .609 | .905 | 5.32 | 1.151 |
| | | CAD_6 | .426 | .914 | 5.02 | .915 |
| | | CAD_7 | .307 | .932 | 4.30 | 1.644 |

|  |  | CAD_8 | .853 | .890 | 4.70 | 1.298 |
|  |  | CAD_9 | .890 | .889 | 4.84 | 1.167 |
|  |  | CAD_10 | .650 | .904 | 5.10 | 1.015 |
| **Familiarity (9)** | .928 |  |  |  |  |  |
|  |  | CPF_1 | .755 | .919 | 5.18 | 1.257 |
|  |  | CPF_2 | .369 | .946 | 5.06 | 1.646 |
|  |  | CPF_3 | .828 | .915 | 4.98 | 1.237 |
|  |  | CPF_4 | .874 | .910 | 4.64 | 1.509 |
|  |  | CPF_5 | .733 | .920 | 5.16 | 1.184 |
|  |  | CPF_6 | .828 | .913 | 4.62 | 1.497 |
|  |  | CPF_7 | .840 | .913 | 4.80 | 1.565 |
|  |  | CPF_8 | .753 | .918 | 4.96 | 1.384 |
|  |  | CPF_9 | .773 | .918 | 5.68 | 1.186 |
| **Recognisability (6)** | .907 |  |  |  |  |  |
|  |  | CPR_1 | .786 | .865 | 5.32 | 1.115 |
|  |  | CPR_2 | .197 | .962 | 4.80 | 1.616 |
|  |  | CPR_3 | .876 | .846 | 5.38 | 1.338 |
|  |  | CPR_4 | .877 | .846 | 5.16 | 1.330 |
|  |  | CPR_5 | .876 | .846 | 5.38 | 1.338 |
|  |  | CPR_6 | .871 | .848 | 5.12 | 1.304 |

Source: Analysis of survey data (SPSS file)

Exploratory factor analysis (EFA) is a practical scale for reducing the numbers of observed variables (indicator) to a smaller and more controllable set (Chandon *et al.,* 1997; Hair *et al.,* 1998). According to Hair *et al.* (1998), EFA examines the factorial structure of scales by examining the three assumptions underlying EFA: the absolute sample size, the correlation coefficient in correlation matrix, and the sampling adequacy (pp. 98-100). This analysis is to make sure that the individual items are loaded on corresponding factors as intended. CL_5, CL_11, CL_15, CLD_4, CLC_6, CLN_6, CAD_5, CAD_6, and CPF_5 were removed for multiple loadings on two factors. According to Hair *et al.* (2006), items below 0.4 (CL_12, CLN_10, CLC_4, CLT_1, CLD_8, CR_8, CAD_7, CPF_2, and CPR_2) were discharged for low reliability, and item to total correlation is less than 0.50 (Hair *et al.,* 2006) (see Table 4.18).

**Table 4.18: A summary of item purification process**

| Construct | Items dropped | Reasons for dropping the items |
|---|---|---|
| Corporate logo | CL_5 | Multiple loadings on two factors |
|  | CL_11 |  |
|  | CL_15 |  |
|  | CL_12 | Low reliability, Item to total correlation is less than 0.5 |
| Typeface | CLT_1 | Low reliability, Item to total correlation is less than 0.5 |
| Design | CLD_4 | Multiple loadings on two factors |
|  | CLD_8 | Low reliability, Item to total correlation is less than 0.5 |
| Colour | CLC_4 | Low reliability, Item to total correlation is less than 0.5 |
|  | CLC_6 | Multiple loadings on two factors |
|  | CLN_6 | Multiple loadings on two factors |
| Corporate name | CLN_10 | Low reliability, Item to total correlation is less than 0.5 |
| Corporate reputation | CR_8 | Low reliability, Item to total correlation is less than 0.5 |
| Attitude towards advertisements | CAD_5 | Multiple loadings on two factors |
|  | CAD_6 |  |
|  | CAD_7 | Low reliability, Item to total correlation is less than 0.5 |
| Familiarity | CPF_2 | Low reliability, Item to total correlation is less than 0.5 |
|  | CPF_5 | Multiple loadings on two factors |
| Recognisability | CPR_2 | Low reliability, Item to total correlation is less than 0.5 |

Source: Developed by the researcher

After deleting the items, the researcher carried out a reliability test in order to assess whether the constructs, especially the revised items, would yield encouraging results, and the "measures are free from random error" and "provide a consistent data" (McDaniel and Gates, 2006, p. 222). Examining how respondents answered the survey questions/items related to the constructs presented in the conceptual framework is an important stage. According to researchers (Churchill, 1979; Hair *et al.,* 2006), the questionnaire is also known as an examination of psychometric properties, which require an acceptable reliability and validity.

A reliability test is used for the evaluation of consistency between the number of measurement items measuring single variable (spilt-half method) (Hair *et al.,* 2006); it is correlated between the same respondent's score on the same measurement item at two different points in time (test-retest) (Ticehurst and Veal, 2005). Reliability helps the accuracy, consistency of measures and avoids the bias (error-free) of the reproducibility of reproducing measurement instruments within the different sample and time horizons. Cronbach's α coefficient method was selected among the many statistical methods to measure reliability, as it is easier to calculate, and is well-accepted within academic research (Cronbach, 1951; Nunnally, 1978; Tabachnick and Fidell, 2007). Table 4.19 illustrates that the Cronbach's α coefficient was 0.921 and higher, which is above the acceptable level of 0.60 (Nunnally, 1978; Sekaran, 2003).

**Table 4.19: Reliability measures for each construct on the basis of the pilot study**

| Constructs | Cronbach's alpha | Items | Correlated item-total correlation | Mean | SD | EFA Final loading | Items deleted |
|---|---|---|---|---|---|---|---|
| Corporate logo | .983 | | | | | | |
| | | CL_1 | .913 | 5.70 | 1.233 | .879 | CL_12 |
| | | CL_2 | .915 | 5.50 | 1.313 | .882 | CL_15 |
| | | CL_3 | .895 | 5.34 | 1.303 | .870 | CL_5 |
| | | CL_4 | .897 | 5.58 | 1.144 | .903 | CL_11 |
| | | CL_6 | .911 | 5.34 | 1.303 | .875 | |
| | | CL_7 | .936 | 5.48 | 1.328 | .901 | |
| | | CL_8 | .902 | 5.34 | 1.287 | .904 | |
| | | CL_9 | .906 | 5.70 | 1.249 | .919 | |
| | | CL_10 | .829 | 5.50 | 1.129 | .838 | |
| | | CL_13 | .907 | 5.52 | 1.297 | .874 | |
| | | CL_14 | .916 | 5.48 | 1.313 | .861 | |
| Typeface | .921 | | | | | | |
| | | CLT_2 | .694 | 5.86 | .948 | .666 | CLT_1 |
| | | CLT_3 | .768 | 5.84 | 1.057 | .823 | |
| | | CLT_4 | .760 | 5.78 | 1.075 | .796 | |
| | | CLT_5 | .688 | 5.92 | .986 | .634 | |
| | | CLT_6 | .796 | 5.80 | 1.010 | .784 | |
| | | CLT_7 | .848 | 5.80 | 1.069 | .841 | |
| | | CLT_8 | .719 | 5.92 | 1.007 | .685 | |
| Design | .951 | | | | | | |
| | | CLD_1 | .800 | 5.62 | .967 | .834 | CLD_4 |
| | | CLD_2 | .872 | 5.90 | .974 | .870 | CLD_8 |
| | | CLD_3 | .795 | 5.82 | .941 | .732 | |
| | | CLD_5 | .853 | 5.96 | .947 | .797 | |
| | | CLD_6 | .829 | 5.90 | .974 | .775 | |
| | | CLD_7 | .859 | 5.70 | .995 | .783 | |
| | | CLD_9 | .819 | 5.88 | .940 | .788 | |
| Colour | .906 | | | | | | |
| | | CLC_1 | .706 | 5.80 | .969 | .684 | CLC_4 |
| | | CLC_2 | .817 | 5.86 | 1.010 | .740 | CLC_6 |
| | | CLC_3 | .843 | 5.70 | 1.015 | .812 | |
| | | CLC_5 | .789 | 5.56 | .972 | .707 | |
| Corporate name | .988 | | | | | | |
| | | CLN_1 | .913 | 5.62 | 1.338 | .890 | CLN_6 |
| | | CLN_2 | .923 | 5.78 | 1.298 | .865 | CLN_10 |
| | | CLN_3 | .955 | 5.44 | 1.343 | .903 | |
| | | CLN_4 | .959 | 5.72 | 1.415 | .876 | |
| | | CLN_5 | .929 | 5.72 | 1.386 | .876 | |
| | | CLN_7 | .950 | 5.72 | 1.371 | .886 | |
| | | CLN_8 | .961 | 5.72 | 1.429 | .884 | |
| | | CLN_9 | .963 | 5.74 | 1.426 | .878 | |
| Corporate image | .958 | | | | | | |
| | | CI_1 | .830 | 5.68 | 1.203 | .764 | |
| | | CI_2 | .893 | 5.90 | 1.344 | .853 | |

| | | | | | | |
|---|---|---|---|---|---|---|
| | CI_3 | .908 | 5.98 | 1.348 | .762 | |
| | CI_4 | .913 | 5.94 | 1.316 | .790 | |
| | CI_5 | .873 | 6.08 | 1.192 | .775 | |
| **Corporate reputation** | **.969** | | | | | |
| | CR_1 | .900 | 5.52 | 1.147 | .914 | **CR_8** |
| | CR_2 | .879 | 5.52 | 1.074 | .883 | |
| | CR_3 | .891 | 5.34 | 1.189 | .896 | |
| | CR_4 | .903 | 5.48 | 1.129 | .915 | |
| | CR_5 | .871 | 5.56 | 1.163 | .902 | |
| | CR_6 | .884 | 5.52 | 1.165 | .905 | |
| | CR_7 | .899 | 5.34 | 1.239 | .908 | |
| **Attitude towards advertisements** | **.941** | | | | | |
| | CAD_1 | .675 | 5.36 | 1.156 | .642 | **CAD_5** |
| | CAD_2 | .803 | 4.68 | 1.269 | .802 | **CAD_6** |
| | CAD_3 | .909 | 4.76 | 1.255 | .900 | **CAD_7** |
| | CAD_4 | .855 | 4.88 | 1.256 | .878 | |
| | CAD_8 | .852 | 4.70 | 1.298 | .850 | |
| | CAD_9 | .879 | 4.84 | 1.167 | .926 | |
| | CAD_10 | .670 | 5.10 | 1.015 | .612 | |
| **Familiarity** | **.942** | | | | | |
| | CPF_1 | .767 | 5.18 | 1.257 | .700 | **CPF_2** |
| | CPF_3 | .807 | 4.98 | 1.237 | .707 | **CPF_5** |
| | CPF_4 | .874 | 4.64 | 1.509 | .830 | |
| | CPF_6 | .815 | 4.62 | 1.497 | .837 | |
| | CPF_7 | .865 | 4.80 | 1.565 | .856 | |
| | CPF_8 | .793 | 4.96 | 1.384 | .850 | |
| | CPF_9 | .767 | 5.68 | 1.186 | .731 | |
| **Recognisability** | **.962** | | | | | |
| | CPR_1 | .790 | 5.32 | 1.115 | .688 | **CPR_2** |
| | CPR_3 | .928 | 5.38 | 1.338 | .856 | |
| | CPR_4 | .917 | 5.16 | 1.330 | .886 | |
| | CPR_5 | .928 | 5.38 | 1.338 | .856 | |
| | CPR_6 | .910 | 5.12 | 1.304 | .883 | |

Source: Analysis of survey data (SPSS file)

Based on the EFA, the questionnaire design was finalised with 68 items.

## 4.6. MAIN SURVEY

Survey research is one of the most significant areas of measurement in applied social research. This study used a self-administrated questionnaire to collect the data for the main survey from consumers of HSBC between 17 January 2010 and 30 March 2010. This study used a non-random sampling technique, namely, a convenience sampling technique (McDaniel and Gates, 2006). In the following paragraphs, the method of sampling and the sample size are discussed.

### 4.6.1. Target population and sampling

The researcher employs sampling strategies in order to generate statistics and generalise the findings to a larger population. "The segment of population that is selected for investigation is defined as the sample" (Bryman and Bell, 2007, p. 182). The larger group of which the sample is a subset is called the 'research population'. A sample is a set of elements selected from a population (Malhotra and Birks, 2000) that represents the main area of research and is presumed to have a high external validity (Churchill, 1999). According to McDaniel and Gates (1993), sampling should clearly and accurately define the population because the sample design may be biased for sampling frame error, population specification error and selection error. The characteristics of the respondents such as gender, education, and age were asked in the questionnaire. Bryman and Bell (2007) defined population as, "the universe of units from which the sample is to be selected. The term 'units' is employed because it is not necessarily people who are being sampled the researcher may want to sample from a universe of nations, cities, regions, firms, etc. Thus 'population' has a much broader meaning than the everyday use of the term, whereby it tends to be associated with a nation's entire population" (p. 182).

Most studies need data from a broad and diverse population size and researchers do not often cover the entire population. The normal practice is to use a sample from the target population. A sample population is defined by Salant and Dillman (1994) as a set of respondents selected from a larger population for the purpose of a survey. The main reason to sample is to save money and time. The sample drawn from the population should be representative so that it allowed the researcher to make inferences or generalisation from the sample statistics to the population understudied. The sample survey gives an opportunity to gain the essential information from a relatively few respondents to explain the characteristics of the entire population. When the sample size is low, it lacks accuracy to offer reliable answers to the study questions being investigated. However, if the sample size is large, time and resources could be wasted, often for minimal gain. For any study, the sample size of any research must be

determined during the designing stage of the study. Salant and Dillman (1994) state that the sample should be determined by four main factors: 1) how much sampling error can be tolerated; 2) population size; 3) how varied the population is with respect to the characteristics of interest; and 4) the smallest subgroup within the sample for which estimates are required.

Bryman and Bell (2007) classify two main sampling methods, probability and non-probability sampling. Probability sample is: "a sample that has been selected using random selection so that each unit in the population has a known chance of being selected. It is generally assumed that a representative sample is more likely to be the outcome when this method of selection from the population is employed. The aim of probability sampling is to keep sampling error to a minimum" (p. 182).

A non-probability sample is described as "a sample that has not been selected using a random selection method. Essentially, this implies that some units in the population are more likely to be selected than others" (Bryman and Bell, 2007, p. 182). This study is mainly based on a 'convenience' sample, namely, a non-random sampling technique. Bryman and Bell (2007) state, "in the field of business and management, convenience samples are very common and indeed are more prominent than are samples based on probability sampling" (p. 198).

The population of this study is the consumers of HSBC Bank[1]. The focus of this study was customers' perceptions of the corporate logo and its influences on the company's image and reputation in the UK over two months, starting from 17 January 2010 until 30 March 2010. This data was collected using different methods of collection. In the survey, 1352 questionnaires were sent using a convenience sampling based on employing participants who are easily accessible. According to Denscombe (2007), a survey rarely achieves a response from every contact made. The questionnaires and the link to the online questionnaire (as an option of completing the questionnaire online) were emailed during the second week of January 2010 and the deadline for the return of the questionnaires was 1 February 2010. A total of 152 of the 600 questionnaires were returned. 46 questionnaires were collected by phone interviews. 500 questionnaires were posted to the researcher's neighbours, but, as Denscombe (2007) explained, postal questionnaires receive a poor response rates and the distance between researcher and respondents are low in validity of the findings.

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[1] Please see Interbrand's website http://www.interbrand.com/en/best-global-brands/best-global-brands-2008/best-global-brands-2009

134 questionnaires were conducted face-to-face at Brunel University. Furthermore, the researcher visited HSBC bank at Brunel University and the Bank Manager helped to collect the data from their customers. Van Heerden and Puth (1995) state, "students as a fairly heterogeneous group, can be regarded as a very important target group of banks, albeit in state of transition. They are future managers and decision makers" (p. 13). Students are good substitutes for consumers when testing involves human-information processing and they receive extra credit for their participation. Churchill (1999) declared that face-to-face questionnaire collection is the most used sampling methods in large-scale surveys. It also guarantees that the questionnaire is completed by the respondent who was targeted. To increase the sample size and to make sure that the sample included the most knowledgeable informants, non-probability 'snowballing' was used as a distribution method by asking the initial informants to suggest others who could offer further insight (Andriopoulos and Lewis, 2009; Bryman and Bell, 2011; Denzin and Lincoln, 1994; Goodman, 1961; Helm, 2011; Kirby and Kent, 2010; Miles and Huberman, 1994; Shiu *et al.,* 2009; Stevens *et al.,* 1997; Tuskej *et al.,* 2011; Zinkhan *et al.,* 1983). According to Stevens (1996) a rigorous statistical analysis data sample should be more than 300 respondents. Furthermore, Bentler and Chou (1987) state that five cases per parameter is acceptable when the data is perfectly distributed and has no missing or outlying cases. A total of 348 questionnaires were collected and 16 were excluded due to large amounts of missing data. After making every possible effort to increase the response rate, a total of 332 usable completed questionnaires were received and analysed.

The questionnaire consisted of seven pages with a covering letter stapled to the front cover in agreement with the recommendations of Dillman (2000). Armstrong and Overton (1977) state, non-response bias "involves the assumption that people who are more interested in the subject of a questionnaire respond more readily and that non-response bias occurs on items in which the subject's answer is related to his interest in the questionnaire" (p. 2).

### 4.6.2. Appropriate number of participants

This section will explain the most commonly used techniques for determining an appropriate sample size. Selecting a suitable number of participants in a sample size is complicated and tricky. The main technique used is related to the data analysis processes or techniques (Hair *et al.*, 2006). According to Hair *et al.* (2006), the main five considerations that affect sample size

in SEM to obtain reliable estimates (Raykov and Widaman, 1995) are: 1) 'multivariate distribution of the data', in the case of non-normal data the ratio of respondents to parameters needs to be higher (i.e. 15:1).

In other words, 5 respondents for each parameter is an acceptable number to minimise the difficulty of deviation from normality when the distribution of the data deviates from the assumption of multivariate normality. 2) If using the maximum likelihood (ML) method, the sample size is between 150 and 400 responses. If researchers use structure equation modelling (SEM), which is based on the maximum likelihood estimation (MLE) method, the sample size should also range from 150 to 400 respondents. However, if the sample size exceeds 400, the MLE method becomes more sensitive and the results of the goodness-of-fit measures become poorer (Hair *et al.,* 2006). 3) For 'model complexity', the sample size should be as follows: SEM with five or fewer constructs can be estimated with a small sample size of 100 to 150, if each construct is measured by more than three items and the item communalities are higher than 0.6. If any of the communalities are modest (0.45 to 0.55) or the model includes a construct with fewer than three items, the required sample size is 200 (Hair *et al.,* 2006). If the number of factors in the model is more than six, some constructs measure by fewer than three items and the communalities are low. Then a large sample size that may exceed 500 is required. 4) 'Missing data', if more than 10% of data is expected to be missing, the sample size should be increased. 5) 'Average error variance of indicator': larger sample sizes are required when the constructs communalities are smaller than 0.5.

Roscoe (1975) recommends some simple rules of thumb for selecting appropriate sample sizes based on an analysis of acceptable confidence levels in behavioural research studies. 1) Sample sizes larger than 30 and less than 500 are appropriate for most research. 2) If researchers have more than one group (e.g. male and female), researchers need more than 30 participants for each group. 3) If researchers use multivariate analysis, the sample size should be at least 10 times or more than the number of variables used in the analysis. Stevens (1996) suggests 15 cases per construct to get trustworthy results. However, Bentler and Chou (1987) advised that if the data is normally distributed, at least five cases per parameter are sufficient. 4) If researchers conduct a simple experiment, the appropriate sample size should be ten to 20 participants. Comrey and Lee (1992) state that a sample size of 50 is very poor, 100 as poor, 200 as fair, 300 as good, 500 as very good, and 1,000 as excellent.

Based on the above discussion, there is no correct or absolute sample size limit established in the methodology literature. As there has no systematic empirical research has extensively documented the effect of compound logos on consumer perception (Henderson and Cote, 1998; Pittard *et al.,* 2007; Van der Lans *et al.,* 2009), this current study is the most comprehensive and rigorous test to date of understanding the relationship between the research constructs. This study uses SEM; an empirical ratio of at least five observations per estimate parameter (Bollen, 1989) and communalities are above 0.5 has also been proposed (Hair *et al.,* 2006). Taking into account all the considerations, the sample size targeted in this study is 332 respondents.

## 4.7. QUESTIONNAIRE DESIGN

Since the corporate logo is defined as the signature of a company that impacts on the corporate logo and corporate reputation, its operationalisation requires a specific company to be assessed. The respondents were provided with a reference company to assess the questionnaires. Due to the relatively underdeveloped nature of this area of research (Van der Lans *et al.,* 2009; Van Riel *et al.,* 2001), a specific company need to be assessed (Ahearne *et al.,* 2005; Bhattacharya and Elsbach, 2002; Bhattacharya *et al.,* 1995; Dutton and Dukerich, 1991; Elsbach and Bhattacharya, 2001). According to Elsbach and Bhattacharya (2001), focus groups help to identify the concept of the focal construct and to develop a list of associated companies.

All the respondents asked to list the most favourable UK company logos (Bhattacharya and Sen, 2003; Elsbach and Bhattacharya, 2001). HSBC Plc. was chosen for this study by following a similar plan. HSBC is in the top five recognisable companies based on Interbrand and Times research in 2009, and conducts much corporate communication activity. During the height of the global financial crisis, HSBC was one of the few firms to report a profit for 2009. The new adopted strategy gives strength to HSBC as a global bank by "following its acquisition of the United Kingdom's Midlands Bank in the early 1990s" (Abimbola, 2010, p. 178), Republic National Bank in Mexico, and CCF in France. It claims to be "The World's Local Bank" (Abimbola, 2010; Lambkin and Muzellec, 2012; O'Halloran *et al.,* 2011). According to O'Halloran *et al.* (2011) HSBC's philosophy is "the world is a rich and diverse place in which cultures and people should be treated with respect" (p. 111). Interbrand reported that HSBC is ranked 32nd in terms of strategic assets of value in the Best Global Brands list and is the first

UK global company in the world[1]. HSBC Bank Plc. is the only one of Britain's big five banks to hold more deposits than loans.

Hong Kong and Shanghai Banking Corporation (HSBC) is a well-known institution of British Commonwealth and colonial history with a very young brand identity[2]. HSBC is performing fairly well and is delivering on its mission to be the 'World's Local Bank' (Abimbola, 2010; Bhatia and Lung, 2006; Koller, 2007); it is the world's largest banking group and the world's sixth largest company. HSBC is "adopted managing 'by the brand' as opposed to 'managing its brand' to transform itself into a formidable retail bank with global recognition and presence" (Abimbola, 2010, p. 179).

HSBC (originally the 'Hong Kong and Shanghai Banking Corporation') was founded in 1865, and is now a public limited company incorporated in England and Wales in 1990. HSBC headquarters moved to London as a condition of completing the acquisition of Midland Bank in 1993[3].

HSBC adopted a new company's corporate logo in 1983, in order to accommodate a new, internationally-savvy business schema. To expand into the world-wide corporation, the historical and cultural elements were kept to a minimum and mainly focused on consumers' perception (O'Halloran *et al.,* 2011). Henry Steiner (Hong Kong designer) designed the HSBC logo as a reflection of contemporary aesthetics design and reminiscent of the Scottish flag and the cross of St. Andrew. The design consists of a minimal hexagram composed of red and white triangles[4]. The colour of red and white "symbolises the happiness in many Asian cultures" (Huppatz, 2005; Koller, 2007, p. 116)[5].

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[1] Please see Interbrand's website http://www.interbrand.com/en/best-global-brands/best-global-brands-2008/best-global-brands-2009

[2] Please see HSBC's website http://www.hsbc.com/1/2/about/advertising

[3] Please see HSBC's website http://www.hsbc.com/1/2/newsroom/news

[4] Please see HSBC websitehttp://www.hsbc.com/1/2/about/advertising

[5] The previous HSBC logo was described as: "The top part of the crest features the British Royal coat of arms-a lion and a unicorn holding a belt inscribed with the words 'Hon Y Soit Qui Mal Y Pense' ('Shame to him who evil thinks') which loop around a royal shield with a crown on top. The ribbon on which the lion and unicorn stand bears the motto 'Dieu et Mon Droit' ('God and My Right'). Below the ribbon is the only local reference, an image of a British clipper and a Chinese junk in a harbour, with some small figures on shore in the foreground, all framed by ornate foliage. The image of the two ships and the of the company's history" (Huppatz , 2005, pp. 358-359).

Hong Kong and Shanghai Banking Corporation shortened their name to 'HSBC', which it moves away from its Asian colonial origins to the neutrality of an abstract global financial giant (Olins, 1989). The new corporate name attempts to appeal to a broad international audience and should be socially acceptable and effectively eye-catching. The new corporate logo influences on the transforming the verbal proposition into shared socio-cultural knowledge and is the new signature of the company which is valuable in global marketing efforts (King, 1991).

Accordingly, the Likert scale, the most commonly used scale in marketing research (Bagozzi, 1994; Van Riel *et al.,* 1998), requires the respondents to specify a degree of agreement or disagreement to evaluate attitude toward the corporate logo. Attitude scales attempt to determine what an individual believes, feels or perceives. Attitudes can be measured toward self, others, and a variety of other activities, institutions, and situations (Gay, 1996). Churchill and Peter (1984) suggested that, to increase construct variance and decrease measurement error variance, the number of scale points should be increased by replacing the ubiquitous five-point Likert scale with a seven-point Likert scale. All questions used interval scales and scores on the Likert type scale (anchored by 0, strongly disagree and 7, strongly agree) and the respondents were consumers, depending on the extent of their knowledge of the situations (Shiu *et al.,* 2009, p. 421). Multiple choices in which only two substitutes, 'strongly disagree' and 'strongly agree', appear was used with great caution (Welman and Kruger, 2001).

As has been acknowledged in early studies in the field, the corporate logo as a signature and root of a company can create a first impression (Van Heerden, 1999) that evokes positive and negative emotional reactions (Bloch, 1995; Van Riel, 1995; Baker and Balmer, 1997; Henderson and Cote, 1998; Van Riel *et al.*, 2001). Dacin and Brown (2002) state that the beliefs of individuals about an organisation are always subject to their understanding of corporate identity messages on the basic of their own beliefs, values and emotions. For that reason, there is always a gap between the corporate logo and the corporate image and corporate reputation. In order to examine the influence of corporate logo and its elements on the corporate image and corporate reputation, the degree of match between the corporate logo that is intended to be created in the minds of the consumers by companies and the associations of the respondents about the company familiarity, recognisability, and attitude towards the company's advertisements were measured as absolute difference scores.

The way that an individual sees themselves (self-image) is associated with how the person articulates themselves in social environments. Identifying the relationships between the corporate logo and the corporate image has attitudinal and behavioural results that would enable marketers to position and promote products more effectively within the appropriate target markets. Likewise, it could be concluded that consumers will have positive images of companies with values that are congruent with their self-image (Sen and Bhattacharya, 2001). A number of researchers have suggested that there is a positive association between the corporate logo and image (Dowling, 1994; Henderson and Cote, 1998; Melewar and Saunders, 1998; Olins, 1986). Van Riel (1995) recommended to researcher to use the attitude measurement as an appropriate method to measure corporate image. The observed values for consumers' associations with corporate logos and for their image were obtained from the main survey (see Appendix 3).

The survey started with a filter question that aimed to assess the familiarity of the respondents with the reference company (William and Moffitt, 1997). The clear shape, structure, layout and visual appearance of the questionnaire were essential so that informants could complete the questionnaire easily (Schaefer and Dillman, 1998). The questions comprised a statement to measure the attitude of the individual towards the company, its corporate logo and corporate image as well as corporate reputation. Respondents were invited to explain both their spontaneous graphical associations with the HSBC logo ('how would you describe the logo of HSBC and what it stands for?') and referential ('what do you think the HSBC logo means?' and 'what does the company want to express with its logo in your opinion?'). The attitude scales need the respondents to answer the questionnaire carefully to ensure they understood and answered the questions (Churchill, 1999). The questionnaire closed by gathering the demographic details of the respondents. The source of the scales, which were drawn from previous studies, and the gathered information from the exploratory stage are illustrated on Table 4.10.

After the initial analysis, the questionnaire was refined so the respondents could complete the questions without confusion (Saunders *et al.,* 2007; Sekaran, 2003). The final questionnaire had six pages with a covering letter on the front cover to increase the response rate (Schaefer and Dillman, 1998) (see Appendix 4.3). The front sheet contained the general instructions for the fieldworkers and a confidentiality guarantee was also given. The questionnaire layout was tested by expert judges.

## 4.8. DATA ANALYSIS TECHNIQUES AND STATISTICAL PACKAGES

Data analysis consisted of three stages in this study. In the first stage, the content and the scales were refined based on the collected information from the qualitative and quantitative data. The second stage was to validate the scales based on the quantitative data from the main survey. The third stage was to test the final model.

According to Churchill (1979), multi-item scale development is used for each construct to increase reliability and decrease measurement error. Churchill (1979) suggests using multi-item scales rather than single-item scales. A triple approach to data analysis was adopted.

i) Exploratory factor analysis (EFA) was performed in the pilot study and the main study to reduce the items and identify any pattern in the data (Tabachnick and Fidell, 2007). Coefficient alpha checked the quantitative data gathered from the collected data to assess the reliability of the scale and quality of the instrument (internal consistency) (Churchill, 1979; Peter, 1979; Parasuraman *et al.,* 1998).

ii) Confirmatory factor analysis (CFA) was carried out on the main survey data to assess the measurement properties of the existing scales' validity (Hair *et al.,* 1998); it is useful if scales needed to be constructed for additional examination in structural modelling and applied to confirm the theory of the latent variables (Hair *et al.,* 1998).

iii) Structure equation modelling (SEM) is evaluated to test the hypotheses (Hair *et al.,* 2006) and in order to avoid possible connections among structural models and measurements.

The use of SPSS 16.0 (Statistical Package for Social Sciences) has been attested by many researchers (Field, 2009; Tabachnick and Fidell, 2007). SPSS as the initial stage of data analysis (Norusis, 1999; 1993) was used for a number of purposes. First, coding, editing and checking missing data. Second, checking the assumptions of normality, linearity, multi-collinearity, and outliers (Skewness and Kurtosis were examined for normal data distribution). Third, to demonstrate the central tendency and dispersions of the variables, the mean, the

standard deviation, and analysing frequencies were calculated. Fourth, for exploratory factor analysis, descriptive analysis was executed using an overview of the sample (Tabachnick and Fidell, 2007). Moreover, the reliability test is applied to the data to assess the validity and reliability of the instrument (Churchill, 1979; Peter, 1979); the refinement is based on reliability and dimensionality. The reason for the test is to assess the scales used to measure the constructs and refine the measures (Churchill, 1979).

Analysis of Moment Structure (AMOS) 16.0, as a unique graphical interface, was used to determine the quality of the proposed measurement model and hypothesised structural model. It was used to perform the confirmatory factor analysis (CFA) and structural model (Byrne, 2001). The features of the following techniques are discussed in the next sections: exploratory factor analysis (EFA), coefficient alpha and confirmatory factor analysis (CFA) and for scale development and validation structural equation modelling (SEM) for model evaluation. The rational for the selection of these techniques is also provided.

### 4.8.1. Exploratory factor analysis (EFA) and coefficient alpha

Exploratory factor analysis (EFA) analysis is a fundamental and useful technique for the early stages of the scale validity (Aaker, 1997; Netemeyer *et al.,* 2003). EFA is a data-driven (exploratory approach) and is a practical scale for reducing the numbers of observed variables (indicator) to a smaller and more controllable set (Anderson and Gerbing, 1988; Chandon *et al.,* 1997; Hair *et al.,* 1998).

Hair *et al.* (1998) state that exploratory factor analysis ensures that "any individual factor should account for the difference of at least one single variable" (p. 103). It helps to recognise factors that are independent of each other, in order to allow the structure of a specific field to be understood (Hair *et al.,* 1998). The purpose of EFA is to explore the data and provide information to the researcher about the number of possible factors that best represent the data (Hair *et al.,* 2006). EFA is useful as an initial analytical technique to prepare data for SEM (Steenkamp and Trijp, 1991). The items for each construct were examined before performing the factor analysis and reliability test. Exploratory factor analysis was performed in the pilot as well as the main study to reduce the items and identify any pattern in the data (De Vaus, 2002; Tabachnick and Fidell, 2007). Moreover, it inspects the factor structure of every variable in the

conceptual framework and is used to propose the range of dimensions connected with the underlying constructs (Churchill, 1979).

The principal components method was applied for factor extraction (Hair *et al.*, 2006; Tabachnick and Fidell, 2007). This method was considered as the total variance (i.e. common, unique and error variances) to predict the minimum number of factors necessary to explain the maximum amount of variance. This study uses an orthogonal Varimax rotation method as a solution, which is particularly suitable when aiming to reduce the number of variables to a smaller group of uncorrelated variables quality. These variables are subsequently used in a succeeding prediction technique (Hair *et al.,* 1998). Eigenvalues were used to identify the number of factors to extract (Hair *et al.*, 1998; Nunnally and Bernstein, 1994) and defined on the latent root criterion (eigenvalue >1.00).

## 4.8.2. Structural equation modelling (SEM)

To gain insight into the various influences and relationships, this study conducted structural equation modelling (SEM) with Amos software package to separate relationships for each dependent variable (Hair *et al.,* 2006). The proposed conceptual framework was tested by the literature review and then by applying a structural equation model to test the hypotheses.

According to Tabachnick and Fidell (2007), SEM is a collection of statistical techniques that allow a set of associations between one or more independent variables, either continuous or discrete, and one or more dependent variables, either continuous or discrete, to be examined. Structure equation modelling has the strongest explanatory power. Both *exogenous variables* and *endogenous variables* can be either factors or measured variables.

"Structural equation modelling is also referred to as causal modelling, causal analysis, simultaneous equation modelling, analysis of covariance structures, path analysis, or confirmatory factor analysis. The latter two are special types of SEM" (Tabachnick and Fidell, 2007, p. 676). SEM is applied in this thesis for the following reasons (Hair *et al.,* 2006; Tabachnick and Fidell, 2007). First, when the phenomena of interest are complex and multidimensional, SEM is the only analysis that allows complete and simultaneous several dependent associations between observable indicators and the latent variable (i.e. by using the measurement model), and to test the associations among latent variables (i.e. by using the

structural model) by calculating multiple regression equations greater than other statistical packages (i.e. SPSS), which examine only one single relationship at a time. Second, SEM analysis is the specification of a model, so this is a *confirmatory* rather than an exploratory technique. Third, SEM calculates unidimensionality, reliability and validity of each construct individually. Fourth, SEM estimates direct and indirect, which gives it a plus advantage. Fifth, SEM is superior to other multivariate techniques and provides explicit estimates of measurement errors, and allows hypothesis testing for inferential purposes. Sixth, SEM uses latent variables to account for measurement error to provide the overall goodness-of-fit to test the measurement model. Seventh, SEM allows questions to be answered that involve multiple regression analyses of factors.

### 4.8.2.1. Stages in structural equation modelling

This study followed two stages to analysis the SEM data. The first stage tests the measurement properties of the underlying latent variables in the model using confirmatory factor analysis for each construct. The measurement model is used for the following reasons:

i) The *measurement model* explains the causal relations among the observed indicators (variables) and respective latent constructs (variables) (Anderson and Gerbing, 1982; Chau, 1997) to the unidimensionality assumption. Unidimensionality is assessed by the overall fit of the confirmatory model (Garver and Mentzer, 1999). Unidimensionality refers to a set of indicators that has only one underlying construct (Hair *et al.,* 1998). Confirmatory factor analysis examines another important property, the unidimensionality of scale originally and is developed by exploratory factor analysis (Steenkamp and van Trijp, 1991). A confirmatory measurement model was used during this stage to classify the strong association between observed variables and respective constructs (Anderson and Gerbing, 1988) to ensure that the standardised factor loading values are greater than 0.6 or above. Confirmatory factor analysis was computed in order to examine whether each subset of items is internally consistent (Parasuraman *et al.,* 1998).

ii) The validity and reliability of the construct is significant for further theory testing. After EFA, CFA allows the computation of an additional estimation of a construct's reliability, namely composite reliability (Gerbing and Anderson, 1988, Hair *et al.,* 1998).

At the second stage, a structural model was used to test the development of a measurement, which confirms the relationships between a construct and its indicators and examination of the structural model to demonstrate the casual connection among latent constructs (Anderson and Gerbing, 1982). The constructs may all be measured by latent variables, by observed variables or by a combination of the two.

### 4.8.3. Evaluating the fit of the model

CFA contributes to a confirmatory stage since there is total control over the description of a construct's indicators, allowing for a statistical test of the goodness-of-fit and dimensionality for the specific measurement model (Hair *et al.,* 1998). The purpose of the CFA is to validate/confirm the measurement factors that exist within a set of variables involved in the theoretical model (Hair *et al.,* 2006).

According to Bollen (1989), assessing reliability usually assumes unidimensional measures. Novick and Lewis (1967) state that coefficient alpha, the customary index of reliability in marketing, underestimates the reliability of a multidimensional measure. Unidimensionality is required for the effective use of the coefficient alpha (Hunter and Gerbing, 1982) and to evaluate the goodness-of-fit of any model that takes into account theoretical, statistical, and practical deliberations. As recommended in the methodological literature on CFA, in this study the absolute fit indices, incremental fit indices and indices of model parsimony were used and explained next.

First, this research used incremental fit indices as well as absolute fit indices. The absolute fit indices were used to examine the structural model and measurement models collectively (Hair *et al.,* 1998). Absolute fit indices indicate the degree to which the hypothesised model reproduces the sample data. The goodness-of-fit indices are used to examine the nomological validity of the measurement models. Absolute fit indices do not use an alternative model as a base for comparison. The selected fit indices are explained below.

i) Chi-square ($\chi^2$) is the most common method of evaluating goodness-of-fit. Chi-square statistics is the first measure of fit included in the Amos output. As Hair *et al.* (1998) cited that a low $\chi^2$ value, indicating no significance, would point to a good fit,

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because the chi-square test is used to measure actual and predicted matrices and non-significance means that there is no significant difference among the actual and predicted matrices. In terms of a model's goodness-of-fit, p-values specify whether the model is significantly different than the null model. In statistics, the null is usually '0'. A value larger than zero or a high p-value, would lead to rejection the null hypothesis to a high probability that it would be wrong in doing so (MacLean and Gray, 1998). A low p-value or one close to zero is taken as evidence that the null hypothesis can be 'rejected' with a low probability of being wrong in reaching that conclusion. The discrepancy between the two matrices should not be statistically different ($p > .05$). Hair *et al*. (2006) and Tabachnick and Fidell (2007) state that using this fit only to assess the overall goodness-of-fit of the model has been criticised when chi-square is very sensitive to the sample size.

Kline (1998) suggested that a $\chi 2/$ d.f. ratio of 3 or less indicate reasonable fit of the model. The $\chi 2$ is very sensitive to sample size, particularly if the observations are greater than 200. When the data demonstrates deviations from normality, the chi-square is larger than what is expected from error in the model. There are no clear-cut guidelines for the minimum acceptable norm $\chi 2$, (Chi-square), which is sometimes referred to as *T. Chi-square* is the original fit index for structural models and should be combined with other indices (Hair *et al.,* 1998). Chi-square is the original fit index and is routinely reported in SEM results.

ii) The goodness-of-fit index (GFI) is introduced by Joreskog and Sorbom (1982) and is the first measure of model to create a fit statistic that is less sensitive to sample size. The GFI produces the relative amount of variance and covariance in the sample covariance matrix, which is described by the population covariance matrix. The GFI values range from zero to one, with values close to one being indicative of a good fit. If the index is greater than one, it is set at one and if less than zero, it is set to zero. The GFI should be between 0.90 and 1.00. Values between 0.80 and 0.89 are indicative of a reasonable fit (Doll *et al.,* 1994). GFI with less than 0.8 should be discarded (Tanaka and Huba, 1985). The variance illustrates the fundamental concept as how the good-of-fit of a model can be measured.

iii) The adjusted goodness-of-fit Index (AGFI) is useful for comparing competing models and is adjusted for the degrees of freedom of the model to the degrees of freedom for the null model (Hair *et al.,* 1998). The GFI and AGFI are chi-square-based calculations independent of degrees of freedom. AGFI adjusts the GFI for degree of freedom, resulting in lower values for models with more parameters. The AGFI corresponds to the GFI in replacing the total sum of squares by the mean sum of squares. The adjusted goodness-of-fit index should be greater than 0.90, which indicates an adequate fit (Bentler and Bonett, 1980). AGFI values ranged from zero to one with values equal to or greater than 0.9 considered to be a good fit (Byrne, 2001; Hair *et al*., 2006; Tabachnick and Fidell, 2007). Values between 0.90 and 1.00 are considered to be a good fit. Values ranging from 0.80 to 0.89 are indicative of a reasonable fit (Doll *et al.,* 1994).

iv) Root-mean square error of approximation (RMSEA) is an extremely informative criterion in evaluating model fit. The RMSEA index measures the discrepancy between the sample and fitted covariance matrices per degree of freedom (Steiger, 1990) and sensitive to the number of parameters (MacCallum *et al.,* 1996). RMSEA measures the discrepancy in terms of the population and not the sample. According to Hair *et al*. (2006), RMSEA represents how well a model fits a population (p. 748). A value by less than 0.05 indicates good fit, values up to 0.08 reasonable fit. The value more than 0.08 considered as poor and unacceptable fit (Byrne, 2001; Hair *et al*., 1998 and 2006; Tabachnick and Fidell, 2007).

Second, according to Hair *et al.* (2006), incremental fit indices calculate how the specified models fit a specific null model. This study focused on several incremental fit indices.

The normed fit index (NFI) or Bentler-Bonett index compares nested models (Tabachnick and Fidell, 2007). NFI compares the model with the recommended model without considering the degree of freedom. NFI measures the proportion by which a model is improved in terms of fit compared with the base model (Hair *et al.,* 2006). NFI compares the $\chi 2$ value of the model to the $\chi 2$ value of the independence model (Byrne, 2001; Hair *et al*., 2006; Tabachnick and Fidell, 2007). However, the NFI index does not control for degrees of freedom and it underestimates the fit in small samples (Byrne, 2001). CFI is considered to be an improved version of the NFI index (Byrne, 2001; Hair *et al*., 2006; Tabachnick and Fidell, 2007).

The comparative fit index (CFI) measure is directly based on the non-centrality measure. If the index is greater than one, it is set at one and, if it is less than zero, it is set to zero. A CFI close to one is considered to be a good fit (Bentler, 1990). CFI depends on the average size of the correlations in the data (Byrne, 2001; Hair *et al.,* 2006; Tabachnick and Fidell, 2007). If the average connection among variables is not high, then the CFI will not be very high.

Finally, the Tucker-Lewis index (TLI), also known as non-normed fit index (NNFI), compares the $\chi 2$ value of the model with that of the independence model and takes degrees of freedom for both models into consideration (Byrne, 2001; Hair *et al*., 2006; Tabachnick and Fidell, 2007). The Tucker-Lewis index (TLI) depends on the average size of the correlations in the data. If the average relationship among variables is not high, then the TLI will not be very high. It is a mathematical comparison of a particular theoretical measurement model and a baseline null model (Hair *et al.*, 2006). A value of 0.9 or higher is considered good and a value of 0.8 is considered acceptable (Gerbing and Anderson, 1992). TLI is an example of an index that adjusts for parsimony, even though that was not its original intent. The results of the best fitting model are shown in Table 4.20.

**Table 4.20: Results of the best fitting model**

| | Type | Acceptance level in this research |
|---|---|---|
| **Coefficient alpha (α)** | Unidimensionality | α > 0.7 adequate and > 0.5 is acceptable |
| **Standardised Regression Weight ()** | | Beta > 0.15 |
| **Chi-square (with associated degrees of freedom and probability of significant different) (df, p)** | Model fit | p > 0.05 (at α equals to 0.05 level) |
| **Normed chi-square (/df)** | Absolute fit and model parsimony | < /df < 3.0 |
| **Normalised fit index (NFI)** | Incremental fit Compare your model to baseline independence model | Values above 0.08 and close 0.90 indicate acceptable fit |
| **Non-normalised fit index (NNFI)** | | |
| **Comparative fit index (CFI)** | | |
| **Goodness-of-fit index (GFI)** | Absolute fit | 0.90 |
| **Adjusted goodness-of-fit (AGFI)** | | 0.90 |
| **Root mean square error of approximation (RMSEA)** | | 0.08 |

Source: Developed from Hair *et al.* (2006)

### 4.8.4. Unidimensionality

Unidimensionality is a significant property for measures because it is essential but not adequate for construct validity (Gerbing and Anderson, 1988). As defined by Cronbach (1984), "A set of items is 'unidimensional' if their order of difficulty is the same for everyone in a population of interest" (p. 116). A unidimensional item (indicator) has only one underlying construct, and Anderson and Gerbing (1988) state a unidimensional measure consists of unidimensional items or indicators. Unidimensionality was typically assumed in the specification of a model estimated with structural equation analysis, in order to separate measurement issues (i.e. the association between a construct and its observed variables or indicators) from model structural issues (i.e. the associations or paths between constructs) (Anderson and Gerbing, 1988).

Anderson and Gerbing (1982) proposed operationalising unidimensionality by using the structural equation analysis notions of external and internal consistency. Consistency has been described as the structural equation model to fit the data (Kenny, 1979). Consistency was defined by Anderson and Gerbing (1982) as two indicators of X, x1 and x2, which are internally consistent whether the correlation among them is the same as the correlations with their construct X. Correspondingly, an indicator of X and an indicator of Z, x and z are externally consistent whether the association among x and z is the same as the three correlations: x with its construct X, z with its construct Z, and X with Z. Therefore, if X is internally and externally consistent, it will be unidimensional. External consistency is recommended by items that "cluster together in a matrix of sorted or ordered similarity coefficients" (Anderson and Gerbing, 1982, p. 458). According to Gerbing and Anderson (1988) there is a little practical difference between the coefficient alpha ($\alpha$) and latent variable reliability ($\rho$) for sufficiently unidimensional constructs, the coefficient alpha could be employed to preliminarily assess reliability.

### 4.8.5. Composite reliability assessment

CFA allows the computation of an additional estimation of a composite reliability, namely a construct's reliability (Gerbing and Anderson, 1988, Hair *et al.,* 1998). Composite reliability is a measure of reliability and assesses the internal consistency of the measured variables indicating a latent construct (Hair *et al.,* 2006). According to Hair *et al.* (1998), composite reliability is a principal measure used in evaluating the overall reliability of the measurement

model, for every latent construct in it. Hair *et al.* (2006) noted that the minimum value for composite reliability should be 0.7, which indicates that the measures all consistently represent the same latent construct (Nunnally and Bernstain, 1994). Construct reliability (Cronbach-alpha) measures the indicators unidimensionality (inter-correlation) with their latent constructs (Hair *el al.,* 2006).

### 4.8.6. Average variance extracted (AVE) assessment

The average variance extracted (AVE) is a measure of the common variance in a latent variable (LV), that is, the amount of variance that is captured by the latent variable in relation to the variance due to random measurement error (Dillon and Goldstein, 1984; Fornell and Larker, 1981). In different terms, AVE is a measure of the error-free variance of a set of items. According to Fornell and Larker (1981), AVE represents a stronger indicator of the construct reliability than the composite reliability. The average variance extracted (AVE) measures the overall amount of variance that captured by the indicators relative to measurement error, and it should be equals or exceeds 0.50 to justify using a construct and ensure the validity of the scale under investigation (Hair *et al.,* 1998). Fornell and Larcker (1981) state, "if it is less than 0.50, the variance due to measurement error is larger than the variance captured by the construct, and the validity of the construct is questionable" (p. 46).

### 4.8.7. Nomological validity

In theory development and testing, to achieve construct validity, nomological validity is an essential step (Bagozzi, 1980; Gerbing and Anderson, 1988; Nunnally, 1978; Steenkamp and Trijp, 1991). According to Peter (1981) and Peter and Churchill (1986), nomological validity is a used to test the hypothesised relationships among different constructs and the empirical relationship between measures of different constructs. Nomological validity refers to the expected behaviour of the measure as suggested by Peter and Churchill (1986) and examines whether constructs behave as expected in theoretical and empirical terms (Peter, 1981; Peter and Churchill, 1986). The goodness-of-fit indices are used to test the nomological validity of the measurement models (Steenkamp and Trijp, 1991).

### 4.8.8. Convergent validity

Convergent validity refers to the homogeneity of the construct and is the extent to which independent measures of the same construct converge or are positively correlated (Gerbing and Anderson, 1998; Malhotra and Birks, 2000; Peter and Churchill, 1986) with other measures of the same construct. Convergent validity may be assessed on the basis of construct reliabilities (Anderson and Gerbing, 1988). As Fornell and Larckers (1981) stated, convergent validity is related to the internal consistent validity between each construct item, i.e. high or low correlations. In other words, convergent validity is shown by item reliability, composite reliability, and average variance extracted (Fornell and Larcker, 1981). Convergent validity assesses the t-values and level of significance of the factor (Chau, 1997). High inter-item correlations within each construct indicate convergent validity (Chau, 1997; Shiu *et al.,* 2009). Nunnally (1978) recommended that a 0.7 or higher reliability imply convergent validity; measures with reliabilities above 0.85 include more than a 50% error variance.

### 4.8.9. Discriminant validity

Discriminant validity is defined as the extent to which measures of one construct are not highly correlated with measures of other constructs (Chau, 1997; Malhotra and Birks, 2000; Peter and Churchill, 1986). Discriminant is when there is a negative correlation between the experiment's measure and the measurement of different constructs (Shiu *et al.,* 2009). Since the association between two constructs is significantly lower than 1.00, the presence of discriminant validity is indicated (Anderson and Gerbing, 1988; Bagozzi *et al.,* 1991).

"Discriminant validity can be assessed for two estimated constructs by constraining the estimated correlation parameter ($\varphi ij$) between them to 1.00 and then performing a chi-square difference test on the values obtained for the constrained and unconstrained model" (Anderson and Gerbing, 1988, p. 416). Homburg *et al. (*1999) asserted that, in cases where the restricted model shows a poorer fit than the unrestricted model, there is evidence of discriminant validity. Discriminant validity can be measured by average variance extracted (AVE) for each construct and compared with the square correlation between them (Fornell and Larker, 1981).

If the squared correlation (error-disattenuated or structural equation model) between two LVs is less than either of their individual AVEs, this suggested the constructs each have more error free (extracted or internal) variance than variance shared with other constructs ($r^2$).

Furthermore, they are more internally correlated than they are with other constructs and this suggests the discriminant validity of the target variance extracted (Fornell and Larker, 1981).

In summary, validity as an essential of the study process (Garver and Mentzer, 1999) should signify the unidimensionality of a construct (Steenkamp and Trijp, 1991), reliability, nomological validity, convergent validity, and discriminant validity (Peter, 1981; Steenkamp and Trijp, 1991) to enable this research to conduct the structural model evaluation.

## 4.9. ETHICAL CONSIDERATIONS

Academic research needs to be aware of the ethics behind the research activity. These are based on the guidelines provided by the Brunel Business School ethics form and the British Educational Research Association (2004). Understanding the basics of ethical research and its effect on the study is critical and important. All business and social researchers share a number of ethical concerns (Jowell, 1986). Researchers must conduct their research in an appropriate manner and in line with a relevant and specific subject. This study isolates the four basic considerations. First, the right of subjects is to protect the statutory rights of the social investigation groups by avoiding unnecessary interruption, obtaining permission from the people studied, and protecting the groups' privacy. Second, the ethical conduct of the research needs to outline the research questions objectively. The third issue is to be aware of social and cultural differences. Fourth, full information on the methodologies increases public confidence in their reliability. Fifth, questionnaires inevitably interrupt the solitude of individuals and these considerations are evident in the covering letter (see Appendix 4.3). All interviews and focus groups sessions were recorded unless one of the participants disagreed. Based on the above, Brunel Business School granted its approval to conduct this research.

## 4.10. SUMMARY

This chapter presented the perspective, approach, and the methodology used in this study to test the operational model and hypotheses presented in Chapter III. Multiple methods were utilised in order to enhance the credibility of the findings. The corporate logo measurement scale has been developed for the purpose of this research based on Churchill's (1979) paradigm.

Qualitative methods (first phase) were used for to better understand consumer perceptions of the corporate logo.

Based on the qualitative findings (interview and focus group), a questionnaire was designed. An appropriate pilot study was used with 50 academic respondents to ensure that the research instrument was valid and reliable. The seven-point Likert scale was used to record the respondents' attitude towards the corporate logo and specify the degree of agreement or disagreement. The quantitative study (second phase) was conducted using a self-administered questionnaire with 332 customers of HSBC Plc. The survey questionnaire was developed in this research following the steps of content and operational-items relevancy to the objective of the study, along with proper wording and layout management. The data collection process was based on two techniques i.e. a self-administered, face-to face, phone interview and email questionnaire survey method. The main issues associated with data collection have been discussed: the unit of analysis, the development of a survey instrument and the techniques that were used in data analysis: exploratory factor analysis, confirmatory factor analysis and structure equation modelling. Finally, ethical considerations have been presented.

# CHAPTER V: QUALITATIVE FINDINGS

## 5.1. INTRODUCTION

The previous chapter discussed the importance of the methodology used in this thesis. Qualitative research assumes that an unstructured method of enquiry encourages interviewees to choose their own interpretations: this enables greater potential for new insights (Aaker *et al.,* 2001). This section presents the results from interviews and focus groups, as well as the communication and design management experts, with reference to the following objectives.

This study aims to gather more in-depth information to advance the understanding of the corporate logo and its influences on corporate image and corporate reputation. The qualitative findings are based on a programme of seven interviews with communication and design consultants and the observations of four focus groups. Details of the selection of personnel for interview and the nature of the interviews, the planning, management and data interpretation of the qualitative stage are explained in Chapter IV. In Section 5.2 the results of qualitative study are described. Concluding remarks are made in Section 5.3.

## 5.2. RESULTS OF THE QUALITATIVE STUDY

The main aim of qualitative study is to engage in research that probes for deeper understanding rather than examining surface features. This section reports the findings and presents the data supporting the developing themes of the current research on corporate logo dimensions and its consequences for corporate image and reputation.

The content analysis of this research has identified four elements of the corporate logo and three dimensions that impact on the relationship to corporate image and reputation. These elements were uncovered in this thesis. For instance, colour as an element identified by the researchers (Baker and Balmer, 1997; Gabrielsen *et al.,* 2000; Tavassoli, 2001). Typeface and design are recognised by the literature (Alessandri, 2001; Henderson *et al.,* 2004), corporate name (Hatch and Schultz, 1997; Henderson *et al.,* 2003; Melewar, 2003), attitude towards

advertisement, product and company recognisability, and product and company familiarity as consequences of the corporate logo. Consistent with the literature, all participants stressed the value of developing and sustaining a favourable corporate logo. In agreement with the literature reviewed in Chapter two, interviewees emphasised the value of a favourable corporate logo, noted that it influences consumer perceptions of the company, and highlighted its main role in attracting and retaining talent in today's competitive market.

### 5.2.1. Corporate logo

There are countless dimensions of logo that characterise the perception of customers towards a logo. Though the scope of this inquiry is limited, those dimensions are referred to by related literature and participants in the interviews and focus groups. This research supports the previous dimensions generated from previous study findings.

Findings from the qualitative study indicate that a logo is a key element of identity, which is wedded to customer decisions when choosing what to purchase. Additionally, the textual analysis of interviewees reveal a focus on what the company stands for, communication and distinctiveness of logo, which influences their perception. The following comments illustrate manager's assessment of this source of finding:

> "[A] logo is an identity element, so it is an identifier which means it [can] be consistently applied as the link between the user and customer actually … [A] logo can contribute to [the] creation of the identity … [A] logo is [the] identity of a company and all employees should support it". (LE)

> "I think the corporate logo plays a part in corporate identity. The identity of an organisation is a device [that communicates a] range of things, [a] range of expressions. Typically [the] logo is one of the devices that become used to communicate the distinctiveness of that identity". (HD)

The above quotation is consistent with corporate branding and corporate identity authors (Balmer, 2001; Harris and De Chernatony, 2001; Kennedy, 1977; Simoes *et al.,* 2005) as well as the organisational behaviour authors' (Albert and Whetten, 1985; Hatch and Schultz, 1997).

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They assert that management is responsible to convey the same message to internal and external audience. Moreover, a consultant participant stated that:

> "… to integrate the business by itself, what we stand for, what we think we are about, what our [beliefs] are. Some of them we have a control over, some we don't. They are important because they contribute what to express of ourselves as individuals …". (GI)

The findings are consistent with research (Huppatz, 2005; Foo, 2003; Melewar and Akel, 2005; Van den Bosch *et al.,* 2006; etc.). A major theme of the corporate logo emerging among customers is the personality dimension. The first step in implementing a corporate identity and personality should be a study of how the corporate logo is treated in order to communicate in a focused, effective manner. According to marketing researchers (Bernstein, 1986; Van Heerden and Puth, 1995; Van Riel *et al.,* 2001), the corporate logo has been seen as a means to encapsulate the personality of an organisation and its values in order for it to be effectively presented to an audience (Bernstein, 1986; Kay, 2006; Van Heerden and Puth, 1995). Consultants and managers state that the corporate logo should communicate a reliable message that needs to be enhanced to communicate the personality of the company. The following quotes reflect this idea:

> "I think [a] corporate logo can communicate everything about [a] company. Over time, it becomes short form of [the] organisation. When it is new it can catch some elements of a brand, personality and positioning". (AD)

> "I go back to my early point. Is it a question of tone of voice? It is a question of does everything we do reflect our culture, our philosophy, and our personality. We may not be simply what we say and how we say it. How we say it is essentially, [a]function [of] personality. It reflects the type of people we are. It is simply a combination of what a company believes (philosophy) and its way of doing things – style, manner, behaviour, which we could sum up in one word (personality). A personality statement is the other half – it completes the picture of the identity. A personality statement can be provided – in advance – to the executive search consultant and the agency would help the supplier and save both the supplier and the company time". (DA)

In the previous example, the corporate logo used as a reliable task turned out to be supporting an organisation to communicate in the market (Balmer and Soenen, 1999; Gray and Balmer, 1998; Henderson and Cote, 1998; Van den Bosch *et al.,* 2005). For instance, "[a] logo is self-explanatory: when you see a logo, you realise whether [it] is reliable or not. Can you trust the company or the brand? A logo can increase the quality [of the] trust".

Participants referred to a logo as the identity of a company, which needs to be fashionable and modern to provide and ensure positive and reliable communications. "A particular way of framing words or letters in unique forms to convey the identity of organisation or whatever it is", and also, "Logo characteristics [are the] identity … identity establishes [what] the moment is … Everybody walk[s] differently, what's in your face, the company[s] say 'this is me' through the TV or net or whatever. It is sometimes settled by that as [the] identity of the company, something which can represent the character and you would identify, sometimes the shape of a person obviously, but these days everybody [is] fashionable, but the way [they] use their hands and gesture, the way they walk so [that] even from far away you can be sure who is the person, I think the company identity is like that. You've got the look [or] distinguishing characteristics of that organisation and those distinguishing characteristics can be confusing for people". A manager states that, if a company changes its logo, the company and its brands will be misunderstood. This can be explained by the next comment of a brand manager:

> "You can look at companies like Coca Cola or BMW, whether they have [changed] their identity numerous times over the years, in fact we don't know if they changed their identity because they [have] got strong visual cues [that] just evolve over time, I think, every one think[s] if they change [their] logo, [it] is going to change their brand and [so] is misguided. So there is always risk to people considering moving [a] brand from one cosmetic perspective to [a] changeable perspective. So, brand[s] move with the times. It is essentially to segment through identity and visual symbology". (GR)

To be considered fashionable and up-to-date requires the involvement of top management and their interest in the corporate is important. It is widely acknowledged that the corporate logo is a part of communication and it seems that expectations of a corporate logo are higher when it is more consistent and the quality of the corporate logo carriers is high. For example, some of the respondents noted the sense of consistency is linked to corporate logos:

"The logo itself is a cosmetic business tool and part of [the] company and [the] brand" … [the] logo should be consistent and if the logo used is not consistent in all visual aspect[s] of the company, [the] customer might suspect the product or quality of the company". (GR)

"I have seen many top jobs done by top design consultants ... [a] good design brand consultant would [m]ake the logo role of powerful visuals much more consistent". (HD)

However, some researchers (Balmer and Gray, 2000; Gabrielsen *et al.,* 2000; Bromley, 2001) do not view the management of the corporate logo (key element of visual identity) as the most important issue. On the contrary, the findings of the interviews show that organisations become aware of the attention they need to pay to management practices related to the concept. A corporate logo should carry positive feelings towards the company and the products as recounted by managers.

"Good feeling is about perception and reality not facts. [A] Logo is a story of a company which influences the products as well [being] an identity of a company and all employees should support it ... Logos help people to feel [part of] the same tribe rather than separate elements". (LE)

"[It is] about understanding what the organisation wants to be known for and what [it] is to be recognised that creates success and what the organisation is about, then the brief is going to the designers to try [to] work out if it is the right feeling and attitude [for] its identity. It's all about what organisations try to achieve, how [it can] represent itself to attract more people towards their company and sell more products". (GR)

"There is evidence that people's mind need something. Getting the same meaning to everybody is probably impossible but it does convey a certain feeling or certain expectations when you hear a name or certain letters. If you give me the full name of BMW, it's a geographical location, I would understand it [as] complete nonsense if they read the complete name of BMW". (HD)

Memorability is an experiential need sought by participants and found in the interviews. Comments about the memorability and familiarity of the corporate logo were seen as an indication of the corporate logo. Memorability is an imperative quality for a logo, which sends a subconscious message regarding the company's image, and enduringly imprints the trademark in the consumer's memory (Van den Bosch *et al.,* 2005; Peter, 1989; Henderson and Cote, 1998; Henderson *et al.,* 2003, 2004; Van Riel *et al.,* 2001). Those studies recognised memorability as one of the pull factors that plays a significant role in the decision-making processes that customers utilise in their choice of purchase. Conceptually, the term 'memorability' implies uniqueness and familiarity to customers. For instance, experts discussed it regarding aspects of a logo as follows:

"A logo must be: trustworthy like eBay, memorable like Sanyo (a logo is the only element that has to work on its own); and read like it sounds, e.g. the V&A; different in the marketplace, such as Apple and effective across the board, [including] media; cost like FedEx express; usable like mobile phone services, sms national, sms international, sms to email to market". (GR)

"Our logo is the most important part of our identity, our logo has a big job to do. It acts as a full marketing team wherever it can be seen, on business cards or brochures. The bottom line is that the simple our logo design is, the more likely it is to be remembered … it's the face of our corporate, we want people [to] remember our name and logo." (HD)

"I think the company always need logotype, it is totally necessary to embody in single iconography device, most organisations have a logo. But where it can and has and does work obviously is in framing an idea of the company visually for people. It helps [to] do a number of things. [It] helps memorability, so you can [be] visually distinctive. [If] you see it a lot, by definition, [it] is going to be quite memorable for you and [has] those characteristics and [is] easy to retain and recall. So, when you see it again, you feel some visual familiarity. I think it is also that, from the company's point of view, it has the function of being a point of recognition". (JI)

A logo can remind the consumer of the brand or corporate name. Organisations are encouraged to influence design to strengthen their brands. A logo is used as a reminder of positive feelings concerning either the company's brand. Therefore, many researchers emphasise the importance of the provision of the logo and its significance for a brand to sustain a competitive advantage in today's competitive global market (Bennett, 1995; Clow and Baack, 2010; Henderson and Cote, 1998; Henderson *et al.*, 2004) as previously discussed in Chapter II.

From participants' comments, it is obvious that a corporate logo can exhibit a brand; creating a well-established logo that is distinctive is critical in creating a brand that provides the perfect image. Furthermore, a well-designed brand can differentiate a company's products and services in a positive way that really sticks in the minds of potential customers. When discussing aspect of logo, participants put an emphasis on its relation to brand as follows:

"[A] logotype like Coca Cola actually forms [an] identity within the brand". (JI)

"In ideal terms it is a symbol or logo [that] identifies one company from another. We define brand as a big active business asset which, over time can symbolise one company from another and add value to the organisation … Logo is not [an] important part of [a] brand. The most important part of [a] brand, I think if you understand how a brand can create their value, then you backtrack from symbolism brand into how the brand actually delivers to its customer, so within branding, people get over exciting about logos and logo is a symbol of a brand is not delivery mechanism of a brand. So, there is always tension if you like between communication of brand and the reality, and how a business delivers a brand and delivery is always most important thing. In terms of measuring of brand, we measure [a] brand from its economic asset value … [A] brand should be clarity, consistency and leadership". (GR)

"[A] branding company helped us to design a logo. If it is expensive, for example in our site we still use our old logos because of the cost and not lack of desire; logo will change and be same everywhere [in an easier] economic climate. We try to deliver good experience. We use one logo internally and externally. When the new brand came out, some people don't like it or do like it. It should be consistent, it should be recognisable as x, [a] good experience". (LE)

Visibility is an extra role within the context of the corporate logo, which is used as a manifestation of a leader's vision (Abratt, 1989) to communicate an organisation externally. Visibility is a measure of the prominence of the brand in the minds of customers. The following comments from focus group participants address the importance of visibility.

"… the trust [as] an experience is not coming from [the] logo, [it] is coming from product and services, but [the] product is visible from [the] logo". (FG4)

"A logo is a symbol of a company and should be visible and reflect transparency, consistent, authentic and distinctive. If the logo used is not consistent in all visual aspect[s] of the company, [the] customer might suspect the product or quality of the company … some logos are not very important and not visible, that's why the name can communicate to the target audience". (FG1)

### 5.2.1.1. Antecedents to corporate logo

The following section demonstrates the factors that influence a favourable corporate logo in light of the qualitative findings.

### 5.2.1.1.1. Corporate name

The corporate name is enormously significant in today's businesses to keep loyal customers, establish a competitive edge and increase the establishment image (Dowling, 1994). Therefore, many researchers highlight the importance of the corporate name to sustain a competitive advantage in today's competitive global market (Topalian, 1984), as previously discussed in Chapter II. Several studies were developed about the association between corporate name and logo, which has been researched from different approaches (Childers and Houston, 1984; Koku, 1997; Lutz and Lutz, 1977).

With regard to the functional part of the entire corporate logo, the 'corporate name' as described by Dowling, 1994, was described in participants' comments as a contributing factor towards the corporate image. For instance, "the name helps [the] logo to be more recognisable and recall the customer and the product", "to target the right customer, the right name and logo

are more important". "Some logos are not very important and not visible, that's why the name can communicate to the target audience", [and] "people trust the name and logo of a company, which they see on the product whether [it] is a new or old product". These findings are consistent with the researchers (Rowden, 2000; Melewar and Saunders, 1999; Topalian, 1984), who asserted that the better the company's name, the better the company's logo. A respondent in follow-up interviews states:

> "Look at Royal Mail, they changed their name to Consignia. What is Consignia. What is Consignoia suggest you? Nothing and nothing. Consignia was Royal Mail, they change the name to Consignia and they had to back to Royal Mail." (DA)

Comments made by the interviewees also emphasised that a recognisable, simple, and short name provides a high quality logo. This can be illustrated in the description provided by one customer: "[O]ften [the] name can help the company to be more recognisable", "the name helps [the] logo to be more recognisable and recall the customer and the product", "[The] name of a company should use be simple, straightforward, and recognisable to associate well with [the] logo of a company", "If I do not know the company's name and logo, I choose the product which has [the] more good-looking name and logo", "It is strange when you see some product with a strange name or difficult to pronounce or read".

A Communication and Design Consultant comments stated:

> "I think name is an important element a logo ... Some names are the names of the person started the company, some names are in the sense how a company is been branded and I think, we need to know what does the name says about the company and its product. What else the name not says. The logo will compliment, does the name say anything about your difference? Could any other company say the same thing, or are you using a logo instead of a name. We have two words in English, one is amplifier and one is augment. People use them interchangeably, god against there with your life. Amplifier means louder, means to multiplication sign. The name is let's say, my company is called create business and we thought we can amplify it and we say louder but we could augmented. Does a logo add or say the same but it says louder. What do your company name is, it could be the most logos augment, most logos try to say something about the company which is not conveyed.

In logo, let me try giving you an example. You know the company LG, that's adding, you know what it says, and it makes a face of it. G round the face and dot there and next to it they write Life is good. Life good, that's clearly augmenting, it is adding to LG. LG by itself, obviously has some other meaning; I don't know what it mean was on the first place and what is it stands for. It is an initial of something which is disappeared."

A chairman of a company established the importance of corporate name as follows:

"The name is the big task for the creative director. If you say BA is British and is airline and is descriptive, if you don't know what is that does, you are living in different and wrong planet".

"You can see name and logo together at the first and I think the design cannot communicate without a name", and "[the] name of the corporate logo is [a] reflection of the quality, [a] reflection of the characteristics of the product".

In summary, these findings were supported by the researchers (Henderson *et al.,* 2003; Klink, 2003; Kohli *et al.,* 2002; Poon and Fatt, 1997), who claimed that the corporate name has a directional relationship to the corporate logo.

**5.2.1.1.2. Colour**

The findings of the current study show that colour as an element of the corporate logo is important as a reflection of the company's value and characteristics (Baker and Balmer, 1997). Participants made numerous comments on the effective use of the right colour on logo design and its influences on consumers' perceptions and behaviour in the marketplace (Aslam, 2006; Balmer and Gray, 2000).

The focus group members (representing customers) discussed more practical issues, to which experts pay less attention. For example, one focus group member commented that: "… some colours define different meanings which relate to a company's function" and "… even without the experiences, I can see the strength of logo and the meaningfulness of logo. As human beings I can say that when you look at a logo, when [you] dislike it, colour doesn't match the context

of the work of the company, it turns me off, I wouldn't see the logo [as] the mission of the company, I can say the logo is not presenting the mission and puts me off". (FG1)

### 5.2.1.1.3. Typeface

Henderson *et al. (*2004) emphasise the value of the typeface expressed through the corporate logo, which is also espoused by managers. This is important because oorganisations need to create an important strategic impression in the marketplace (Somerick, 2000; Spaeth, 1995; Tantillo *et al.,* 1995). Identifiable typefaces increase the likelihood of achieving greater feasibility and visibility (Melewar and Saunders, 2000) and a positive image in the marketplace. As mentioned by an interviewee, "a distinctive typeface or a few pencil lines can communicate immediately no matter what it is, what size it is or how far away the consumer is, all this must be of major concern to the designer."

"Today, [with] the number of fonts you can get on the Internet, I have more fonts [than] I ever remember using when I was in advertising, but all are available for anybody, so take those fonts and say 'Ok, which is us or which certainly isn't us'. I [look at the] list of fonts and say 'We are not there, we are not there and we are not there', and then, you know I'm maybe chatting with the designer and say 'Why we are not there, why are you there?' …". (DA)

### 5.2.1.1.4. Design

Design can serve as an integral part of supporting the corporate logo, even though it may not act as a primary factor (Henderson and Cote, 1998). Effectiveness and usability is extremely important in the logo creation process. Previous research paid attention to design as a means of differentiation to distinguish companies from their competitors (Robertson, 1989; Vartorella, 1990; Van Riel *et al.,* 2001). Similarly, in the current study, managers comment on some aspects of the typeface, for example:

"Ideally, design and typeface should together present the same impression and, if the elements used in a logo are not coherent, people will see it separately as a contradiction between design and words"; "You've got to look at the logo and say, 'Does it in any sense reflect the company's personality?'"; "When it comes to designing a logo, it's very tricky to be distinct, because of the small size of the

product. When I have to make a logo that people like, I am seriously out of ideas as to how comprehend the terms, where we can use the company name, its services or something else related to it"; "[I] see the name and logo together at first, after that, if the logo can communicate to me I think the design cannot communicate without the name"; and "The problem is that a corporate logo needs a careful design to be able to communicate the goals of company and all the philosophy of the company". (DA)

The distinctiveness of the design was a very influential factor that affected people's judgment, as the following interviewee highlighted:

"Designing a logo is related to people's judgment, they like it or not. Does it convey any meaning, does it present the uniqueness, does it represent any value, does it transmit any messages as well as identifying that company or that organisation?". (HO)

### 5.2.2. Consequences of the corporate logo

The literature suggests that the corporate logo can lead to several outcomes. A favourable corporate logo has been found to lead to positive outcomes such as a favourable corporate image and corporate reputation.

### 5.2.2.1. Determinants of corporate logo: corporate image

Previous studies have given a lot of attention to the concept of the corporate image (Brown and Cox, 1997; Brown and Dacin, 1997; Fombrun, 1996) and the impact of the company's logo on positive and desired attributes to evoke a more positive image of an organisation (Schechter, 1993; Spaeth, 1995; Van Riel *et al.,* 2001). In fact, the findings of the qualitative study showed how a fit between the logo and the organisational image enhanced consumers' perceptions of the organisation, which in turn led to more positive evaluations of the group's performance. Those findings were consistent with prior research (Henderson and colleagues, 1998, 2003; Janiszewski and Meyvis, 2001; Pittard *et al.,* 2007). This relationship has been highlighted by

focus group respondents and manager participants in the following comments:

"Our company's logo is an integral part of the corporate image of our business. Since the Internet is the emerging media in business, we realised our firm requires a design that can communicate with our customers in a clean, corporate and convenient way and project the purpose of the company". *(FG1)*

"The image is a mind beholder, customer, and people. It is what you do [that] affects people's image; you can change advertising and behaviour that would change the image". (DA)

"…I think in the old days when I was a young man, companies used to be very distant from the consumers but this days consumers like to feel [they are] dealing with human beings. A human and engaging image is an essential requirement currently … companies [are] realising that consumers are not really convinced and the whole definition of the images has been revisited. Image has become much more important and in particular [a] sharing caring responsible image through not for profit, to survive. It is possible to be profitable and responsible and it is important to build an image around that value, I think. A logo can convey [this] image if you get it right. BP, [for example] is a rather traditional oil petroleum company [changed] to new big sign, [a] caring image, would people buy that changes of image through the [change of] logo … For sure, any logo is going to say powerfully what they want that consumer to believe in terms of image and reputation". (HD)

"I think there is [a] more direct relationship between corporate logo and corporate image than between corporate logo and corporate reputation. Corporate logo fully mediates the relationship between corporate logo and reputation. When you see a logo you perceive the image first and then [it] reminds you of the reputation because the image is short term, [but] the reputation is built up, it takes time to build up and takes time to fade up, so image is more direct". (FG4)

"I think the term 'logo' is more about the visual representation of a company therefore it will influence the methods you chose regarding the advertisement. If the logo is well used to deliver the personality and characteristics of a company, it will be persuasive to the customers. If the company can make the logo consistent with

their style of identity and image, I guess it is easier to achieve market success in the long run. The style of the logo should be consistent with the identity of the company. Therefore it depends on the way the company shows their company: then you can decide how suitable the company logo is for the company advertising. The corporate logo fits with company advertising in terms of how they match their identity to each other or to its company". (FG3)

In general, corporate image is the external reflection of a company's internal identity; the logo can influence the perceptions of an organisation's customers and help customers to formulate a framework of expectations about the company's product or services.

### 5.2.2.2. Determinants of corporate logo: attitude towards advertisement

Consumer responses to advertisements have been of increasing interest to both academics and practitioners (Brown and Stayman, 1992). Consumers rely on their attitudes toward the advertisement when forming attitudes toward the brand/company. Furthermore, consumers with prior company/brand familiarity are more likely to draw on their existing company/brand knowledge, which influences their attitude toward the specific advertisement or attitude toward the company/brand (Campbell and Keller, 2003). Attitude toward an advertisement can be thought of as a consumers' general liking or disliking of an advertisement. Recently, advertisement has become a topic of considerable research interest (e.g. Mitchell and Olson, 1981; Gardner, 1985).

Previous studies of cue usage by consumers have found that the consumers have great difficulty in articulating what in particular makes advertising distinctive, in terms of specific elements such as colour and design. Likewise, the findings of the current study illustrate that advertising includes aesthetic cues such as logo, graphics, typeface, and colour. Some reflections on the advertising and logo are in the following quotes:

 "The whole advertisement is logo. Logo identifies the name of the advertiser and the content can communicate any of a million messages". (DA)

"… in some cases the unique advertising might [be] those using the logo such as sponsorship of Formula One. In that case it is a very straightforward kind of reminder

of the business. On the other hand, it can play a small role in an advertising campaign. It all depends on what do you want to achieve [with] the advertising and obviously the context [of] what you want do". (JI)

"… as we [are] proud [of] our logo, our advertisements display our logo proudly and make a big impact. We always believe our advertisements should be very simple but describe our product easily and have an effect on customers". (FG1)

The corporate logo and advertising are tangible and important to customers and offer symbolic representations of an organisation. Corporate logo and advertising are often used to emphasise information and attract attention. The corporate logo is used as an extrinsic cue by customers to predict and judge the quality of a product prior to consumption.

### 5.2.2.3. Determinants of corporate logo: recognisability

Recognisability of product and service are extremely important to today's businesses to attract maximum attention and situate the company in customers' mind for a long time. Therefore, many marketing scholars emphasise the importance of the relationship between corporate logo and product and service recognisability to sustain a competitive advantage in today's competitive global market (Hatch and Schultz, 2001; Henderson and Cote, 1998; Van Riel *et al.,* 2001). A high quality corporate logo was reported in participants' comments as a contributing factor towards a favourable corporate image. For instance, "It is very significant to think about your firm's brand. Think of famous brands such as Apple – the power of well-known brands are such that their logos alone are immediately recognisable. Your brand should shows the logo is simple, reflects your company's values and recognisable".

"An effective logo provides an easily recognisable identity for your business or organisation. It not only communicates who you are but what you are. Therefore, every business or organisation contemplating adopting a logo should know the criteria that make for an effective logo". (FG1)

"Our old logo created a corporate identity that gives the company, product or service a recognisable face". (GR)

This finding is consistent with Bhattacharya and Sen (2003), who asserted that the better the company's logo, the higher the product and services recognisability. Companies try to build a relationship with their customers. Customers often tend to make buying decisions based on the brand/corporate logo or name rather than just for the product itself. Companies employ logos to maintain success in a marketplace.

"Logo, packaging, colour, country and the information on the packaging are very important for potential customers. That's why product recognisability is complex with information about the manufacturer or provider. The symbol/logo that represents the company is instantly recognisable. Customers buy a well-known product because they want to be associated with high quality and innovative technology and all recognise it from its name and logo". (FG2)

"Corporate logo is meant to make the company recognisable, unique, distinguishable by using the different components of [a] logo" and "The name helps [the] logo to be more recognisable and recall the customer and the product"… "IBM is a typeface which recognised what the company is". (DA)

"The symbol/logo that represents the company is instantly recognisable". (FG2)

"The logo should be consistent, so it could have been anything. As long as it was recognisable and recognised as Xerox and what is applying to, it delivers a good experience, and they [the customer] know who did it." (LE)

### 5.2.2.4. Determinants of corporate logo: familiarity

Research on visual identity shows that corporate visual identity has an impact on company and product familiarity (Chadwick and Walters, 2009; Melewar and Saunders, 1998). Furthermore, the direction of the interaction of product familiarity with a company depends on the corporate logo (Melewar and Saunders, 1998). Similarly, the current findings from the qualitative study illustrate its impact on the corporate logo.

"Our logo [Brunel University] can reach the buying public and communicate to them the worth of our university. Thus, everything related to the design of our university's logo. I believe the work of the logo goes on even after the university's identity and image has been established. Reputation is important here and a part of a logo's effectiveness, which comes from repetition. As it is known in the business community, familiarity to our courses is the key to growing our university." (FG3)

"We create a strong visual identity to inspire trust and familiarity in your product or service … when our company or any product or service is mentioned anywhere, our logo should convey it, and a part of that logo will be enough for our client to relate to our firm"… "our logo encourages a positive personal reaction which includes a sense of trust and familiarity which helps our businesses succeeds against tough competition from other companies." (HD)

### 5.2.2.5. Determinants of corporate image: corporate reputation

Anticipation of the corporate reputation is built up by the corporate image through the corporate logo. The importance of corporate reputation is particularly evident when the customers trust the company and its product. One of the interviewees illustrated the importance of corporate reputation: "I think certainly these days the reputation is built from trust [which] is a very high element but the critical element of reputation is delivering to the consumer expectation. Take EasyJet, most designers think EasyJet is rubbish design, they look and say ['It's] big, orange and looks very ugly', but it is a very successful business, the reason is the element of the reputation that is delivering what the exactly customer expects, no less no more. It is managing its expectations in terms of reputation"

"Any logo is going to say powerfully what they want that consumer to believe in terms of image and reputation." (DA)

As such, the company's logo impacts on positive and desired attributes and can add value to the reputation of an organisation. It has been argued that a well-orchestrated corporate image is deemed to be a major contribution to creating corporate reputation. A participant explained:

"Logo has an influence and effect on [a] company's reputation and image not only when it is designed. But over time, there are many things it also may affect. Logo always has a role. Particularly when people who see the organisation for the first time, I think [the first] time is very important and exposure is a very important component here. The more people know about the company, they less they see the logo. Many things affect the reputation of the company." (HD)

As a qualitative exploratory study, the first study provided rich data on the phenomenon being studied to develop the second quantitative study. The most significant finding of the current study was to provide a better understanding of the following research questions: RQ1 – What are the factors that influence corporate logo favourability? RQ2 – What are the main influences of corporate logo favourability on corporate image and corporate reputation? The literature review has led to the development of the research conceptual framework and the hypotheses to be examined in the quantitative phase. Consequently, the subsequent research framework is the outcome of the literature review, which is supported by the qualitative study.

## 5.3. SUMMARY

The qualitative study was completed by explaining the data analysis and results from the interviews and focus group. The chapter discussed the qualitative study that sought to address the research aim (to develop a comprehensive understanding of the corporate logo and its influences on corporate image and corporate reputation) and the research questions. First, the data analysis and results from the interviews and focus group were explained. The results were structured around the main themes identified from the related literature. A framework model of the implementation and determinants of the corporate logo was developed on the basis of the literature reviews and qualitative study alike.

# CHAPTER VI: DATA ANALYSIS

## 6.1. INTRODUCTION

In order to achieve the research objectives, this chapter analyses and uncovers the associations among independent and dependent variables. Chapter IV provides details of the research methodology and a significant portion is dedicated to methods used in the thesis. This chapter is devoted to the empirical analysis underpinning the study and represents the research findings from the main study outlined in the previous chapters. Section 6.2 presents the steps of preparing, editing, coding and screening the data. Section 6.3 explains normality, linearity, multi-collinearity and outliers of the collected data. Section 6.4 illustrates non-responses biasness. The resulting solutions were then re-assessed using confirmatory factor analysis as explained in Section 6.5. Section 6.6 discusses structural equation modelling (SEM), which was used to test the hypothesised associations between the research constructs as postulated in the conceptual framework; and, to assess the overall goodness-of-fit between the proposed conceptual model and the collected dataset. Finally, a summary of the chapter is presented (Section 6.7).

## 6.2. MAIN SURVEYS

Most of the studies in marketing and social science research are based on survey questionnaires (Sekaran, 2003). The main survey was conducted to obtain data for further scale purification and hypothesis testing. The data was collected in London, UK and the samples are representative of the main population. The characteristics of respondents, for instance, age, gender, marital status, education level were asked in the questionnaire. The profile of the respondents is summarised in Table 6.1.

**Table 6.1: Demographic profile of the HSBC consumers compared with the main population figures (N=332)**

| Sample size (N) | N | % |
|---|---|---|
| **Age** | | |
| 19 years old or less | | |
| 20 to 29 years | 98 | 29.5 |
| 30 to 39 years | 177 | 53.3 |
| 40 to 49 years | 43 | 13.0 |
| 50 to 59 years | 12 | 3.6 |
| 60 years old or more | 2 | .6 |
| Total | 332 | 100 |
| **Gender** | | |
| Male | 141 | 44.3 |
| Female | 177 | 55.7 |
| Total | 332 | 100 |
| **Education** | | |
| High school | | |
| Undergraduate | 17 | 5.1 |
| Postgraduate and above | 315 | 94.9 |
| N/A | | |
| Total | 332 | 100 |
| **Occupation** | | |
| Top executive or manager | 8 | 2.5 |
| Lawyer, dentist or architect etc. | 1 | .3 |
| Office/clerical staffs | 6 | 1.9 |
| Worker | 5 | 1.5 |
| Civil servant | 1 | .3 |
| Craftsman | 8 | 2.5 |
| Student | 295 | 91.0 |
| Total | 324 | 100 |

Demographic characteristics are provided in Table 6.1, which shows that the majority of the respondents were female (55.7%), and 44.3% (male) of the respondents were male. Many of the respondents were between the ages of 30 to 39 (53.3%). The results also demonstrated that a high percentage (94.9%) of the respondents has a master's degree or above. 91.0% of the respondents were students. In order to assess the familiarity of the respondents with the company in the study, respondents were queried about their bank visiting pattern in the HSBC questionnaire. All the respondents mentioned that they are familiar with HSBC or are customers and visit an HSBC bank a few times a month or a week.

## 6.2.1. DATA PREPARATION

**6.2.1.1. Data coding and editing**

According to Tabachnick and Fidell (2007), to ensure completeness and consistency of the data, after collecting it, data editing took place. Missing data is one of the most pervasive problems in data analysis and the pattern of missing data is more significant than the amount missing. Missing data is considered to be missing values. The collected data was examined and all items were coded and inserted in an SPSS data sheet (Hair *et al.,* 1998; Vaus, 1996). Following data coding, this research conducted data editing to ensure that the coding process was done appropriately. Additionally, where there was any out of range value, the value was double-checked.

**6.2.1.2. Data screening and characteristics of the sample**

Accurate data is necessary for analysing the responses of participants. Prior to multivariate analyses, the data was examined using SPSS 16.0 for data entry accuracy. Pre-analysis data screening was examined so that the researcher was confident that the main analysis will be honest, and will ultimately result in valid conclusions being drawn from the data (Tabachnick and Fidell, 2007). The processes of cleaning and screening data include inconsistency checks and missing responses (Malhotra, 1999). Data screening followed procedures outlined by Tabachnick and Fidell (2007).

There are four major reasons for screening data before conducting a multivariate analysis which, outlined by Tabachnick and Fidell (2007), are: 1) The accuracy of the data that has been collected and consideration of factors that could produce distorted correlations (e.g. the researcher proofread the original data against the computerised data to ensure the accuracy of data and examined univariate descriptive statistics through the descriptive programs frequencies in SPSS frequencies). 2) Missing data was screened to assess the effect of and ways to deal with incomplete data. The amount of missing data was less crucial than the pattern of missing data (the dataset was searched for missing values and questionnaires with substantive missing data and poor quality responses (i.e. those who answered 'neutral' or either extreme for all items) were removed prior to analysis) (Tabachnick and Fidell, 2007). 3) The effects of extreme values (i.e. *outliers*) on the analysis were assessed. 4) All multivariate statistical procedures were based on assumptions; the fit among the dataset and the assumptions were assessed before the procedure was applied. Figure 6.1 illustrates the pre-analysis data screening

outlined by Tabachnick and Fidell (2007). The researcher also used the data screening check-list (Tabachnick and Fidell, 2007). The following sections explain the preliminary analysis.

**Figure 6.1: Suggested routine for parametric data analysis**
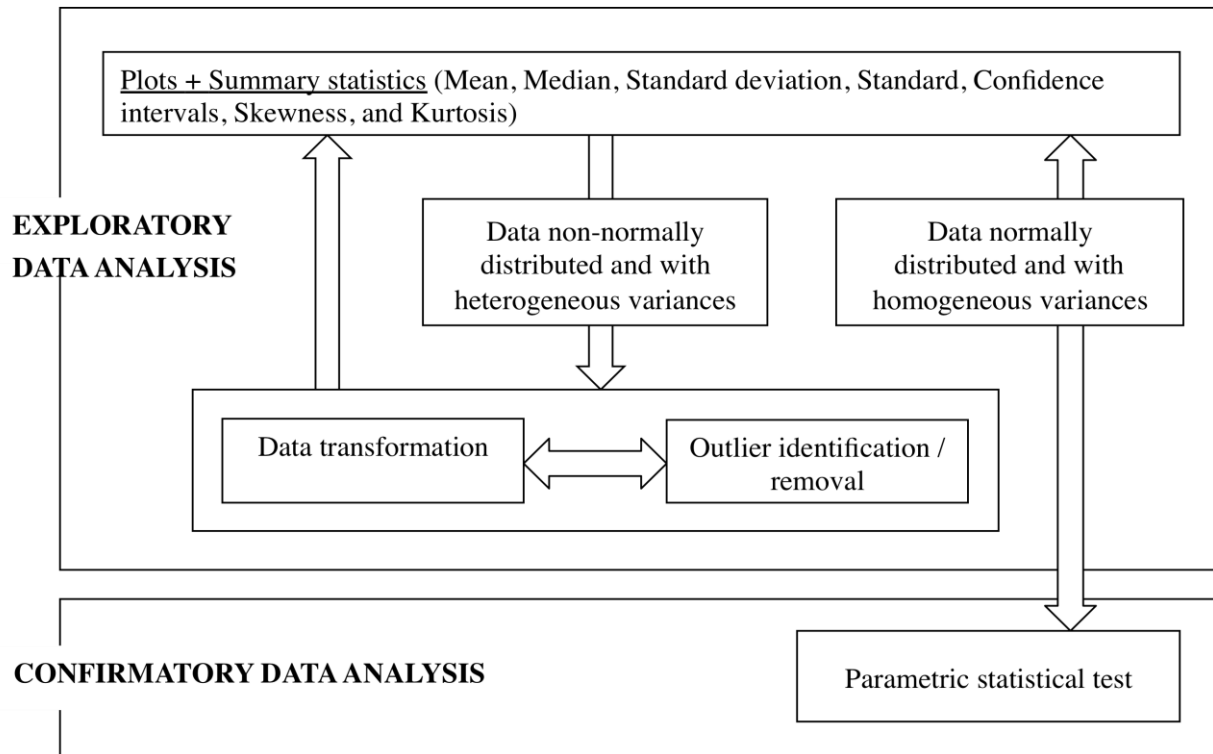


Source: Outlined by Tabachnick and Fidell (2007)

## 6.2.1.3. Missing data analysis

The data collected from the main survey was first assessed for missing values. The missing data analysis represented the initial analysis that can affect results and become problematic (Hair *et al.,* 1998). It is important to identify any patterns in the missing data to counter potential bias. The seriousness of missing data depends on the pattern of the data, how much is missing, and why it is missing (Tabachnick and Fidell, 2007). The two main types of missing data according to Hair *et al.* (2006) are: first, the data which is classified as ignorable missing data that is the missing data process operating at random. For instance, the observed values are a random sample of the total set of values, observed and missing or explicitly accommodated in the technique used. This data is expected and can be part of the research design. Second, the missing data that cannot be classified as ignorable occurs for many reasons in many situations (Hair *et al.*, 2006). According to Hair *et al.* (2006), this missing data falls into two classes: *known* and *unknown processes*. First, missing data processes are *known* to the researcher and occur when measurement equipment fails, subjects do not complete all questions and the errors occur during data entry that create invalid codes. In this situation, the researcher has less control over the missing data processes, but some remedies may be applicable if the missing data is found to be random. Second, *unknown missing data processes* are less easily identified and accommodated. Most often these instances are related directly to the respondent. One example is the refusal to respond to certain questions, which is common in questions of a sensitive nature (e.g. income or controversial issues) or when the respondent has no opinion to answer the question. The researcher anticipated the problems and attempted to minimise them in the research design and data collection stages of the research. However, the researcher must deal with the resulting missing data. But all is not lost. When the missing data occurs in a random pattern, remedies may be available to mitigate their effect (Hair *et al.*, 2006).

When a participant misses out some data, it is not necessary to ignore the data (Hair *et al.*, 2006; Field, 2009) and the researcher must proceed to the next step of the process and assess the extent and impact of the missing data (Hair *et al.*, 2006). Tabachnick and Fidell (2007, pp. 62-63) explain two ways for evaluating missing data when respondents fail to answer one or more questions in a survey. The first way is to access the amount of missing data based on Missing Completely At Random (MCAR), missing at random, also known ignorable (MAR), and missing not at random or not-ignorable (MNAR) (i.e. related to specific items) occurrence. Missing values scattered randomly through a data matrix pose less serious problems than non-randomly missing values. On the other hand, the non-randomly missing values affect the generalisability of results (Tabachnick and Fidell, 2007). An important distinction between

missing and non-missing values as a result of the previous test demonstrates that there is an opportunity of non-random missing data (Hair *et al.,* 1998). Hair *et al.* (1998) state that the pattern of the missing data is random and there are no possible biases in the missing data pattern and any imputation methods for missing values can be applied. The second way is associated with the amount of missing data. According to Tabachnick and Fidell (2007), the amount of missing data is less vital than the outline of missing data.

### 6.2.1.3.1. Determining the extent and patterns of the missing data

Based upon the above discussion about the seriousness of the missing data, this study applied SPSS missing value analysis method with Expectation-Maximisation (EM) technique. The results show that there was no missing data found at any item or construct level (Appendix 6.1). Hence, there was no need to examine the patterns or any remedy to deal with the missing data problem. This would seem to indicate that the questionnaire was generally well understood and was applicable to the subsidiary's circumstances.

## 6.3. ASSESSMENT OF NORMALITY, OUTLIERS, LINEARITY, AND MULTI-COLLINEARITY

### 6.3.1. Testing the normality assumption

After coding the data, a normality test was conducted to ensure that the data has not violated the normality assumption. Normality is a primary assumption in multivariate analysis, mainly in structural equation modelling (SEM). Multivariate normality of data is required for related significance tests. In this study, normality of variables was considered by graphical (histogram and normal probability plot) and statistical methods. The normal probability plot is a graphical technique for assessing whether or not a dataset is approximately normally distributed (Tabachnick and Fidell, 2007). Based on the graphical assessment, several variables showed a moderate to high degree departure from normality and taken into the account in the data analysis. Normal probability plots are graphs for which the scales are distributed as a straight line. The data can be plotted on the normal probability plots either as grouped data, such as from a histogram plot, or as individual data points. Some variables do not cluster around a straight line; the correlation coefficient $r$ is close to zero, even if the variables have a strong nonlinear association. For that reason, the evaluation of these probability plots signified that

there was deviation from normality for some variables. However, no modification (for instance, the transformation of the data) has been done. According to Hair *et al.* (1998), visually assessing normal probability plots is more suitable for larger sample sizes. An assessment of normal probability plots recommends that there are no major deviations from normality for this data. According to authors (Hair *et al.*, 2006; Tabachnick and Fidell, 2007) when the variation from the normal distribution is large, the results in statistical tests that are unacceptable.

Through visual inspection of the figures (Appendix 6.2), the distribution of values in this study show that all the variables were clustered around the straight line, therefore, observation of the sample does not require any adjustment through a transformation process. Furthermore, the normal probability plot (P-P plot of the regression standardised residual), employed to assess multivariate normality, and was also noted to be normal (see Figure 6.2). Kolmogorov-Smirnov and Shapiro-Walk (K-S) is another way of looking at the problem to see whether the distribution as a whole deviates from a comparable normal distribution (Field, 2009). The Kolmogorov-Smirnov and Shapiro-Wilk test is a form of minimum distance estimation used as a non-parametric test of equality of one-dimensional probability distributions. This is used to evaluate a sample with a reference probability distribution (one-sample K–S test), or to evaluate two samples (two-sample K-S test). The Kolmogorov-Smirnov and Shapiro-Wilk test compares the scores in the sample to a normally distributed set of scores with the same mean and standard deviation (Field, 2009). When the test is significant ($p < .05$), then the distribution in question is significantly different from a normal distribution (non-normal).

**Figure 6.2: Multivariate normal P-P plot of regression standardised residual**



Dependent Variable: CLTOTAL
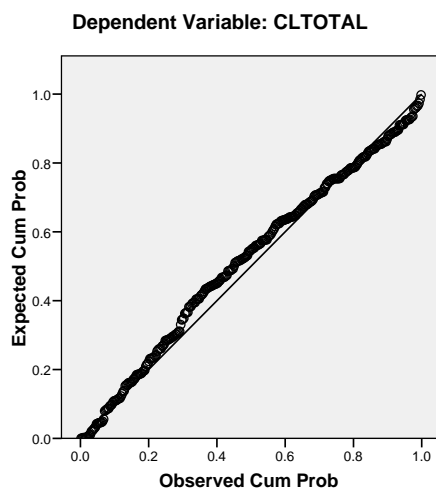
In this study, Kolmogorov-Smirnov and Shapiro-Wilk (K-S) statistics were computed at item level (Appendix 6.3) as well as at construct level (Table 6.2). The results indicates that assumption of K-S tests were not tenable at item or construct level. The volatility of the K-S test is quite common in large sample data (Pallant, 2007).

**Table 6.2: Test of normality**

|  | Kolmogorov-Smirnov(a) | | | Shapiro-Wilk | | |
|---|---|---|---|---|---|---|
|  | **Statistic** | **df** | **Sig.** | **Statistic** | **df** | **Sig.** |
| **CLTOTAL** | .075 | 332 | .000 | .964 | 332 | .000 |
| **CLTTOTAL** | .150 | 332 | .000 | .892 | 332 | .000 |
| **CLDTOTAL** | .111 | 332 | .000 | .935 | 332 | .000 |
| **CLCTOTAL** | .126 | 332 | .000 | .946 | 332 | .000 |
| **CLNTOTAL** | .115 | 332 | .000 | .918 | 332 | .000 |
| **CITOTAL** | .170 | 332 | .000 | .855 | 332 | .000 |
| **CRTOTAL** | .076 | 332 | .000 | .960 | 332 | .000 |
| **CADTOTAL** | .070 | 332 | .000 | .971 | 332 | .000 |
| **CPFTOTAL** | .072 | 332 | .000 | .952 | 332 | .000 |
| **CPRTOTAL** | .119 | 332 | .000 | .932 | 332 | .000 |

A Lilliefors significance correction

The other method used is Jarque-Bera (skewness and kurtosis), which is a main component of normality. Skewness is a measure of the asymmetry of the probability distribution of a real-valued random variable. A skewed variable is a variable whose mean is not in the centre of the distribution (Tabachnick and Fidell, 2007). Skewness is used to explain the balance of the distribution and how unevenly the data is distributed with a majority of scores piled up on one side of the distribution and a few stragglers off in one tail of the distribution (Tabachnick and Fidell, 2007). Kurtosis describes how 'peaked' or 'flat' a distribution is (either too peaked with short, thick tails or too flat with long, thin tails) (Tabachnick and Fidell, 2007). The normal distribution has a skewness and Kurtosis value of zero (Tabachnick and Fidell, 2007). However, the negative skewness has a pileup of cases to the right and the left tail is too long (Hair *et al.*, 2006). Kurtosis values above zero point to a distribution that is too peaked with short, thick tails, and the values below zero indicate a distribution that is too flat (also with too many cases in the tails). Non-normal kurtosis produces an undervalue of the variance of the variables. However, negative or positive skewness and kurtosis does not represent any problem until and unless they are within normal range. Also, negative or positive values of skewness and kurtosis reflect the underlying nature of the construct being measured (Pallant, 2007, p. 56). In this study, the analysis designated that a number of variables were within the satisfactory range for values of skewness and Kurtosis (i.e. $< \pm 3$ (Hair *et al.*, 2006)) (Appendix 6.4).

## 6.3.2. Outliers: univariate and multivariate examination

Hawkins (1980) states that an outlier is an observation that deviates from other observations to arouse suspicion which can be generated by different mechanism. An outlier is defined as "a case with such an extreme value on one variable (a univariate outlier) or such a strange combination of scores on two or more variable (multivariable outlier)" (Tabachnick and Fidell, 2006, p. 72). As Hair *et al.* (1998) state, outliers are significant because they can change the findings of the data. They can recognise observations that are inappropriate representations of the population from which the sample is drawn; they can be discounted from the analysis as unrepresentative.

The term 'outlier' means an observation that has a considerable difference among its actual and predicted dependent variable values or between its independent variable values and those of other observations. Statisticians suggest that data is regularly inspected for outliers, because they can supply helpful information about the data. Also, methods for identifying outliers should be used cautiously, because it is easy to mystify discordant random observations and outliers (Tabachnick and Fidell, 2007).

In examining the constructs, this research detected univariate and multivariate outliers. The outliers might be very low and very high scores (extreme values), and could effect in distorted statistics and non-normality data (Hair *et al.*, 1998; Tabachnick and Fidell, 2007). Two types of outliers were categorised by Kline (2005) as univariate outliers, which is a case of an extreme value on a single variable, and multivariate outliers, which is an odd combination of extreme values in two or more than two variables. However, extreme values and their tolerance are not clearly characterised in the literature. First, to identify univariate outliers the researcher converted all of the scores for a variable to standard scores. However, the rules of thumb suggest that within univariate outliers a case is an outlier if: 1) the standard score for a small sample size (80 or fewer) is ±2.5 or beyond. For a large sample size the standard score can be considered up to four (Hair *et al.,* 2006, p.75); 2) if the sample size is larger than 80 cases (332), a case is an outlier if its standard score is ±3.0 or beyond (Hair *et al.*, 2006; Tabachnick and Fidell, 2007). This method is applied to the interval level variables, and to ordinal level variables, which are treated as metric and it, does not apply to nominal level variables. This analysis specified that the data contained a number of univariate outliers. As a result, this thesis left the outliers for further analysis. To detect the univariate outliers, items were grouped

together to represent a single construct. By using SPSS function of descriptive statistics, the data values of each observation were converted to a standardised score also known as z-scores (Hair *et al.,* 2006; Tabachnick and Fidell, 2007). Table 6.3 shows that the results indicate that the dataset contains fewer univariate outliers. For instance, the highest number of outliers (i.e. five) was found in constructs CLD and CPR, and the lowest one (i.e. only one) was found in CLC.

**Table 6.3: Univariate outliers**

| S.NO | Variable | Case of outlier | Standardised values i.e. z-scores > ± 3.0 |
|---|---|---|---|
| 1 | CL (corporate logo) | 1 | -4.18184 |
| | | 2 | -3.80407 |
| 2 | CLT (typeface) | 5 | -3.49624 |
| | | 85 | -3.37028 |
| | | 77 | -3.24431 |
| 3 | CLD (design) | 48 | -4.48780 |
| | | 4 | -4.04772 |
| | | 26 | -3.60765 |
| | | 37 | -3.16757 |
| | | 35 | -3.02088 |
| 4 | CLC (colour) | 196 | -3.47550 |
| 5 | CLN (corporate name) | 5 | -3.99453 |
| | | 1 | -3.89829 |
| | | 85 | -3.03214 |
| 6 | CI (corporate image) | 48 | -4.23409 |
| | | 308 | -4.23409 |
| | | 5 | -3.88824 |
| | | 85 | -3.71531 |
| 7 | CR (corporate reputation) | 8 | -3.36946 |
| | | 6 | -3.19653 |
| | | 79 | -3.13647 |
| | CAD (attitude towards advertisement) | 245 | -3.34854 |
| | | 184 | -3.34854 |
| | CPF (familiarity) | 28 | -3.53914 |
| | | 37 | -3.53914 |
| | | 107 | -3.53914 |
| | | 13 | -3.53914 |
| | CPR (recognisability) | 28 | -3.41027 |
| | | 37 | -3.41027 |
| | | 107 | -3.41027 |
| | | 13 | -3.41027 |
| | | 117 | -3.41027 |

The basis for multivariate outlier detection is the Mahalanobis $D^2$ measure. Mahalanobis $D^2$ is a multidimensional version of a z-score (Hair *et al.,* 2006; Tabachnick and Fidell, 2007). It measures the distance of a case from the mean of the centre of all observations and provides a

single value (Hair *et al.,* 2006, p.75). Hair *et al.* (2006) state that if $D^2/df$ exceeds value 2.5 in a small sample and 3 or 4 in a large sample, it can be considered to be a potential outlier (p. 75). According to researchers (Hair *et al.,* 2006; Tabachnick and Fidell, 2007), a conservative statistical test of significance (i.e. $p < 0.001$ or $p < 0.005$) is used with the Mahalanobis distance measure, where the larger $D^2$ value for a case results in a smaller corresponding probability value, likely to be considered an outlier.

In this study, to calculate the Mahalanobis $D^2$ value, the liner regression method was employed. For attaining the t-value of significance, a function of SPSS version 16 '1-CDF.CHISQ (quant, df)' was used, where quant=$D^2$ and df=13. The chi-square distribution i.e. $D^2$ with degree of freedom, was less than the quant. The results show there were only 38 observations of extreme outliers in the sample of 332 (i.e. $p < 0.005$) (see Table 6.4). Furthermore, for detecting multivariate outliers, Box Plot was applied. Figure 6.3 shows that all the observations were found in the mild-outlier (i.e. inter quartile range (IQR)> 1.5) (Hair *et al.,* 2006). Thus, observing the outliers identified in Table 6.3 (univariate) and Table 6.4 (multivariate), the researcher decided to retain the observations with outliers for the next stage.

**Figure 6.3: Box-plot representing multivariate outliers**
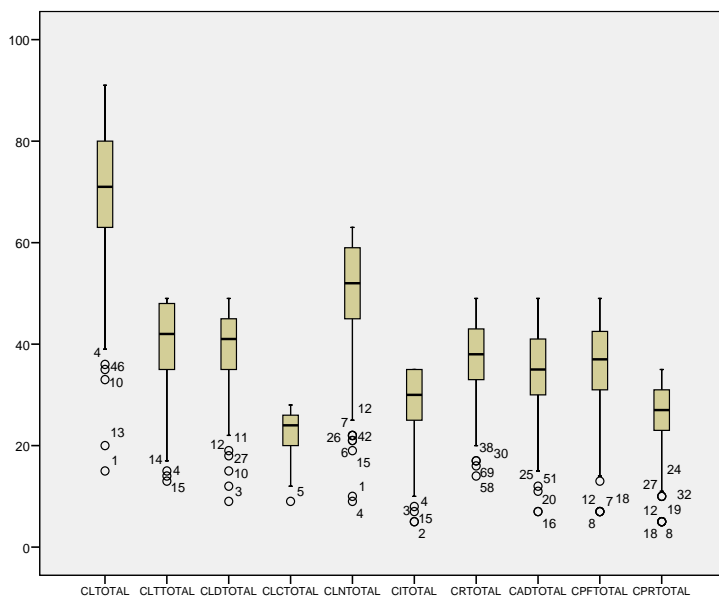


Circle= represents mild-outliers score which is more than 1.5IQR from the rest of the score

**Table 6.4: Multivariate outlier detection**

| Count | Case of outliner | Mahalanobis D2 | D2/dfa | p-value |
|---|---|---|---|---|
| 1 | 332 | 71.06694 | 7.106694 | 0 |
| 2 | 331 | 55.56492 | 5.556492 | 0 |
| 3 | 330 | 51.56971 | 5.156971 | 0 |
| 4 | 329 | 45.69274 | 4.569274 | 0 |
| 5 | 328 | 40.41041 | 4.041041 | 0 |
| 6 | 327 | 35.26886 | 3.526886 | 0 |
| 7 | 326 | 34.81978 | 3.481978 | 0 |
| 8 | 325 | 31.67181 | 3.167181 | 0 |
| 9 | 324 | 29.84451 | 2.984451 | 0 |
| 10 | 323 | 29.62377 | 2.962377 | 0 |
| 11 | 322 | 29.28748 | 2.928748 | 0 |
| 12 | 321 | 28.72649 | 2.872649 | 0 |
| 13 | 320 | 27.13803 | 2.713803 | 0 |
| 14 | 319 | 26.49473 | 2.649473 | 0 |
| 15 | 318 | 25.31263 | 2.531263 | 0 |
| 16 | 317 | 24.72762 | 2.472762 | 0.01 |
| 17 | 316 | 23.61068 | 2.361068 | 0.01 |
| 18 | 315 | 23.59676 | 2.359676 | 0.01 |
| 19 | 314 | 23.21067 | 2.321067 | 0.01 |
| 20 | 313 | 21.67205 | 2.167205 | 0.02 |
| 21 | 312 | 21.63394 | 2.163394 | 0.02 |
| 22 | 311 | 21.78514 | 2.118514 | 0.02 |
| 23 | 310 | 20.8401 | 2.08401 | 0.02 |
| 24 | 309 | 20.74288 | 2.074288 | 0.02 |
| 25 | 308 | 20.62484 | 2.062484 | 0.02 |
| 26 | 307 | 20.23127 | 2.023127 | 0.03 |
| 27 | 306 | 20.1935 | 2.01935 | 0.03 |
| 28 | 305 | 20.1805 | 2.01805 | 0.03 |
| 29 | 304 | 19.95419 | 1.995419 | 0.03 |
| 30 | 303 | 19.86845 | 1.986845 | 0.03 |
| 31 | 302 | 19.5779 | 1.95779 | 0.03 |
| 32 | 301 | 19.48471 | 1.948471 | 0.03 |
| 33 | 300 | 18.95317 | 1.895317 | 0.04 |
| 34 | 299 | 18.73465 | 1.873465 | 0.04 |
| 35 | 298 | 18.47866 | 1.847866 | 0.05 |
| 36 | 297 | 18.38749 | 1.838749 | 0.05 |
| 37 | 296 | 18.29614 | 1.829614 | 0.05 |
| 38 | 295 | 18.00078 | 1.800078 | 0.05 |

## 6.3.3. Linearity and multi-collinearity

This research, based on the research question, examined the level of relationship variables (Tabachnick and Fidell, 2007). Linearity assumes that there is a straight-line relationship between two variables (Tabachnick and Fidell, 2007). Examining the association of variables is essential to recognise any departures that may affect the correlation (Hair *et al.,* 2006). "Linearity is important in a practical sense because Pearson's r only captures the linear relationships among variables; if there are substantial nonlinear relationships among variables, they are ignored" (Tabachnick and Fidell, 2007, p. 84). "Linearity among latent variables is difficult to assess; however, linear relationships among pairs of measured variables can be assessed through inspection of scatter plots" (Tabachnick and Fidell, 2007, p. 682)

This research applied Pearson's correlations matrix at the 0.01 significance level (2-tailed) to determine the linearity and multi-collinearity of corporate logo constructs; it found all independent variables considerably positively correlated to the dependent variables (Table 6.5). The results of this test showed that all variables are linear with each other (Figure 6.4). The bivariate correlation matrix was computed using Pearson's correlation. The results of the correlation matrix, presented in Table 6.5, reveal that none of the bivariate correlation was highly correlated (0.90 or above) to each other (Hair *et al.,* 2006; Tabachnick and Fidell, 2007), satisfying the assumption of the multi-collinearity. Another method of checking multi-collinearity is by looking at the scores of Variance Inflation Factor (VIF) and tolerance effect (Hair *et al.,* 2006). The larger VIF (above 10) and lower tolerance (below 0.1) indicates the presence of mulitcollinearity (Pallant, 2007).

**Table 6.5: Descriptive statistics and correlation matrix for the constructs**

| | CL | CLT | CLD | CLC | CLN | CI | CR | CAD | CPF | CPR |
|---|---|---|---|---|---|---|---|---|---|---|
| **CL** | 1 | | | | | | | | | |
| **CLT** | .574** | 1 | | | | | | | | |
| **CLD** | .556** | .596** | 1 | | | | | | | |
| **CLC** | .392** | .384** | .510** | 1 | | | | | | |
| **CLN** | .585** | .556** | .497** | .567** | 1 | | | | | |
| **CI** | .395** | .585** | .491** | .295** | .478** | 1 | | | | |
| **CR** | .306** | .300** | .371** | .283** | .330** | .283** | 1 | | | |
| **CAD** | .327** | .152** | .344** | .316** | .365** | .272** | .168** | 1 | | |
| **CPF** | .541** | .334** | .452** | .337** | .485** | .322** | .310** | .458** | 1 | |
| **CPR** | .354** | .344** | .426** | .312** | .463** | .273** | .350** | .357** | .624** | 1 |

**. Correlation is significant at the 0.01 level (Pearson correlation sig. (2-tailed)).

**Figure 6.4: Corporate logo constructs scatter plot matrix**
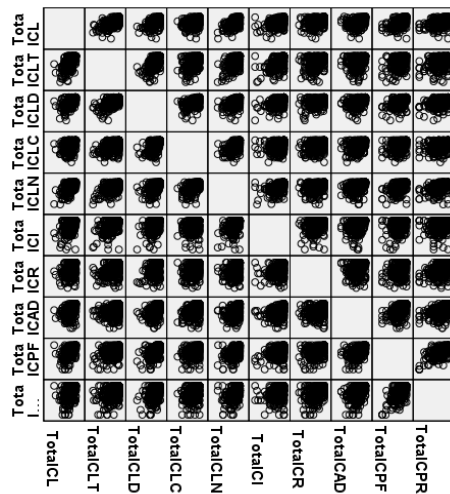
Source: Analysis of survey data

The VIF and tolerance effects in this study were computed using a multiple regression procedure with a collinearity diagnostic option. By examining VIF values in Table 6.6, it is noticed that none of the construct violates the assumption of the multi-collinearity. However, in terms of tolerance effect, only CI, CLC and CPR were slightly lower than the assumption. The strategy for dealing mulitcollinearity is to delete the redundant variable (Tabachnick and Fidell, 2007). In this study, out of three assumptions for detecting multi-collinearity, two were satisfied (i.e. bivariate person correlation and VIF value), therefore, instead of deleting the variable at this stage, the variables were retained for the further examination of collinearities using factor analysis with principle component analysis method.

**Table 6.6: Regression for observing VIF and tolerance effect**

| | Unstandardised Coefficients | | Standardised Coefficients | t | Sig. | Collinearity Statistics | |
|---|---|---|---|---|---|---|---|
| | **B** | **Std. Error** | **Beta** | **Toleran ce** | **VIF** | **B** | **Std. Error** |
| **(Constant)** | 10.831 | 3.903 | | 2.775 | .006 | | |
| **CLTTOTAL** | .492 | .093 | .295 | 5.319 | .000 | .284 | .202 |
| **CLDTOTAL** | .371 | .107 | .191 | 3.474 | .001 | .190 | .132 |
| **CLCTOTAL** | -.115 | .164 | -.035 | -.705 | .482 | -.039 | -.027 |
| **CLNTOTAL** | .337 | .071 | .265 | 4.717 | .000 | .254 | .179 |
| **CITOTAL** | -.169 | .113 | -.074 | -1.493 | .136 | -.083 | -.057 |
| **CRTOTAL** | .060 | .074 | .035 | .818 | .414 | .046 | .031 |
| **CADTOTAL** | .079 | .071 | .051 | 1.124 | .262 | .063 | .043 |
| **CPFTOTAL** | .515 | .084 | .325 | 6.095 | .000 | .322 | .231 |
| **CPRTOTAL** | -.321 | .107 | -.154 | -3.001 | .003 | -.165 | -.114 |

Dependent variable: CLT

### 6.3.4. Homoscedasticity/ homogeneity

Homoscedasticity is related to the assumption of normality when the assumption of multivariate normality is met: the associations between variables are homoscedastic (Tabachnick and Fidel, 2007). Homoscedasticity (unequal variances) is an assumption for analysis that uses ungrouped univariate data. Variables are homoscedastic when the variability in scores for one continuous variable is the same at all values of another continuous variable and can be seen graphically. According to Hair *et al*. (2006), homoscedasticity generates problems for multivariate analyses. The failure of homoscedasticity is caused by the non-normality of one of the variables or by the fact that one variable is connected to some transformation of the other. Homoscedasticity is known as homogeneity of variance where the data is grouped (Tabachnick and Fidell, 2007, p. 86). Levene's test for equality of variances is the most common method for assessing homoscedasticity (Hair *et al.,* 2006; Field, 2009; Pallant, 2007). Levene's test is a measure of homogeneity of variance and is significant at p ≤.05, which means that the heterogeneity of variance is very conservative (Hair *et al.,* 2006).

In this study Levene's test was computed to measure the variances of metric variables, which are equal across a non-metric variable such as gender. As Table 6.7 shows, Levene's test is not significant (>0.05) and the variances are not different. Similar to the Kolmogorov-Smirnov and Shapiro-Wilk test, Levene's test is also considered to be sensitive with respect to the sample size and can be significant for large samples (Field, 2009). Therefore, for the current study, which has a sample of 332, Levene's test of homogeneity confirmed the results of the variability of dependent variables with independent variables.

**Table 6.7: Levene's test of homogeneity of variances**

|       | Levene statistic | df1 | df2 | Sig. |
|-------|------------------|-----|-----|------|
| CL    | .194             | 1   | 330 | .660 |
| CLT   | .001             | 1   | 330 | .974 |
| CLD   | .947             | 1   | 330 | .331 |
| CLC   | 2.852            | 1   | 330 | .092 |
| CLN   | 1.079            | 1   | 330 | .300 |
| CI    | 2.259            | 1   | 330 | .134 |
| CR    | 2.185            | 1   | 330 | .140 |
| CAD   | .001             | 1   | 330 | .978 |
| CPF   | .613             | 1   | 330 | .434 |
| CPR   | 1.898            | 1   | 330 | .169 |

Source: Analysis of survey data

## 6.4. NON-RESPONSE BIASNESS

It is significant during the data collection procedure that the sample collected represents the complete population. Saunders *et al.* (2007) identify a respondent's refusal to become involved in the research and refusal to answer all questions as the most common reasons for non-response to occur. Convincing the respondents that the data would be treated with the highest confidentiality could reduce the non-response rate to a minimum (Sekaran, 2003). According to researchers (Churchill, 1979), the problem of non-response bias is common in survey research, which occurs when respondents differ in meaningful ways from non-respondents.

According to researchers (Lambert and Harrington, 1990), the chances of any potential non-response bias were computed by assessing the difference through the Mann-Whitney U-test between early and late respondents with respect to the means of all the variables (see Table 6.8). According to the proportion of the way in which survey questionnaires were returned, the first 50 observations were taken as early respondents and the last 50 were taken as late respondents. Table 6.8 presented that significance value in any variable is not less than or equal to 0.5 probability value, which is insignificant; therefore, there is no statistically major difference among early and late respondents. Accordingly, in this research non-response bias is not a concern.

**Table 6.8: Mann-Whitney U-test observing non-response biasness**

|  | CLTOTAL | CLTTOTAL | CLDTOTAL | CLCTOTAL | CLNTOTAL |
|---|---|---|---|---|---|
| **Mann-Whitney U** | 13585.500 | 13232.500 | 13580.500 | 13629.500 | 12919.000 |
| **Wilcoxon W** | 25366.500 | 29342.500 | 29690.500 | 25410.500 | 29029.000 |
| **Z** | -.124 | -.533 | -.130 | -.074 | -.890 |
| **Asymp. Sig. (2-tailed)** | .901 | .594 | .897 | .941 | .374 |
|  | **CITOTAL** | **CRTOTAL** | **CADTOTAL** | **CPFTOTAL** | **CPRTOTAL** |
| **Mann-Whitney U** | 13580.500 | 13247.000 | 13213.000 | 13589.000 | 12520.500 |
| **Wilcoxon W** | 29690.500 | 29357.000 | 29323.000 | 25370.000 | 28630.500 |
| **Z** | -.131 | -.514 | -.552 | -.120 | -1.353 |
| **Asymp. Sig. (2-tailed)** | .896 | .608 | .581 | .904 | .176 |

a. Grouping Variable: Your gender

## 6.5. FACTOR LOADING AND DATA ANALYSIS

Factor analysis (FA) as a statistical approach was used to identify underlying variables, or factors, that describe the pattern of association between a set of observed variables. Factor analysis is often used in data reduction to identify a small number of factors that describe most

of the variance observed in a much larger number of manifest variables (Tabachnick and Fidell, 2007). Field (2009) defines three main uses of factor analysis: 1) to understand the structure of a set of variables, 2) to construct a questionnaire to measure any underlying variables, and 3) to reduce a dataset to a more manageable size while retaining as much of the original information as possible (p. 619).

Factor analysis includes underlying dimensions at which variables seem to group together in a meaningful way. According to Field (2009), this can be attained by looking for factors, which correlate highly with a group of other factors, but do not correlate with factors outside that group. Hair *et al.* (2006) defined two issues for which factor analysis can chiefly be used:

1) To identify the unit of analysis and to specify the structure of correlation among variables or respondents.

2) To achieve summarised data and reduced data and to combine the individual variables grouped together so they represent collectively the underlying dimensions (p. 107, p. 111).

Brown (2006) states that: "EFA is an exploratory analysis because no *a priori* restrictions are placed on the pattern of relationships between the observed measures and the latent variables," while, "in CFA, the researcher must specify in advance several key aspects of the factor model such as the number of factors and patterns of indicator-factor loadings" (p. 20). As EFA is exploratory in nature and can be unreliable, CFA can help to avoid the mistakes. The following section assesses the convergent and constructs validity of the scales.

Factor analyses are performed by examining the pattern of correlations (or covariance) between a large numbers of factors by a defining set of factors, which are highly interrelated (either positively or negatively) (Hair *et al.,* 2006). There are two types of factor analysis: exploratory and confirmatory. Both are used for structuring groups of variables or data reduction. Exploratory factor analysis (EFA) attempts to discover the nature of the constructs influencing a set of responses, but confirmatory factor analysis (CFA) examines whether a particular set of constructs is influencing responses in a predicted way (Hair *et al.,* 2006). Exploratory factor analysis (EFA) was used to take the data in a group. Then, the confirmatory factor analysis techniques (CFA) were applied to confirm the group of measurement variables related to a

factor for testing the hypotheses (Field, 2009). Exploratory factor analysis was carried out by using SPSS 16 (Statistical Package for Social Sciences) (Tabachnick and Fidell, 2007).

### 6.5.1. Exploratory factor analysis (EFA)

Exploratory factor analysis as a statistical procedure was used to analyse interrelationships among large numbers of variables, and to describe these variables in terms of their common underlying factors (Hair *et al.,* 2006). Tabachnick and Fidell (2007) recommend that the researchers use EFA to determine the factor structure of measures, examine internal reliability and discover underlying structures in the relatively large set of variables. EFA analysis determines the dimensionality of a set of variables to specifically test whether one factor can account for the bulk of the common variance in a set. Numerous procedures are available for factor extraction and rotation in SPSS 16.0 (Tabachnick and Fidell, 2007). Among the various methods of extraction, principal component analysis (PCA) was selected to generate the initial solutions for the EFA. According to authors (Hair *et al.*, 2006; Tabachnick and Fidell, 2007), the principal component analysis (PCA) method considers the total variance (i.e. common, unique and error variances), which applied for factor extraction. Principal component is the linear combination of observed variables to separate subjects by maximising the amount of variance of their component scores. According to Tabachnick and Fidell (2007, p. 635), PCA: 1) helps to identify and reduces the large set of variables into smaller number of components by transforming interrelated variables into new unrelated linear composite variables; and 2) assists the extraction of the maximum variance from the dataset, so that the first component extracts the highest variance and the last component extracts the least variance (Hair *et al.,* 2006).

After factors are extracted, it is important to look at the rotated loading matrix to determine the number of variables that load on each factor. An extraction procedure was accompanied by rotation to improve the interpretability and scientific utility of the solution. The two main types of rotation method are orthogonal and oblique rotation (Field, 2009; Tabachnick and Fidell, 2007; Hair *et al.,* 2006). Orthogonal factor rotation method is useful when each factor is independent (orthogonal) of all other factors. Orthogonal solutions offer ease of interpretation, describing, and reporting results (Tabachnick and Fidell, 2007). Oblique factor rotation is used when the extracted factors are correlated with each other and recognised the extent to which the factors are correlated (Tabachnick and Fidell, 2007).

The researcher used the most common orthogonal rotation method, known as Varimax, in order to maximise the variance of loadings on each factor (Tabachnick and Fidell, 2007). According to Tabachnick and Fidell (2007), interpreting a factor is easier because it is obvious which variables correlate with it. Moreover, Varimax also tends to reapportion variance between factors so that they become relatively equal in significance; variance is taken from the first factors extracted and distributed between the later ones. Due to uncorrelated factors the interpretations of the results obtained using orthogonal rotation are much easier compared with the oblique method. The purpose of rotation was to maximise high correlations between factors and variables and minimise low ones (Pallant, 2007; Tabachnick and Fidell, 2007).

In this study, three criteria were taken into account when extracting factors: 'latent root criteria', 'percentage of variance criteria', and 'Scree test criteria'. Before going on to extract factors, it is significant to calculate the variability in the variance for any given variables (Field, 2009). Eigenvalues are reported "as part of an initial run with principal component extraction" (Tabachnick and Fidell, 2007, p. 644). According to Hair *et al*. (2006), communality is the average error of variance of indicators, and represents the average amount of variation between the measured/indicator variables explained by the measurement model (p. 741). Field (2009) suggests that a variable that has random variance (or no specific variance) would have a communality of one and a variable that shares nothing with other variables would have a communality of zero (p. 630). Communality can be calculated from factor loading in which the model contains multiple constructs. Communality should be above 0.5 (equals 0.7 standardised loading estimates); otherwise the study requires a greater sample size. For example, Hair *et al*. (2006) affirm that if any communality is between 0.45 and 0.55, or the model has constructs with fewer than three items, then the sample size should be above 200. According to Pallant (2007), in some cases, with respect to the sample size, a 0.3 cut-off value of communality is also accepted. On the other hand, if the communalities are lower than 0.45 then the minimum sample size should be 300 or more.

The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Bartlett's test of sphericity are recommended to achieve appropriate factor analysis results (Norusis, 1993). KMO is a statistic that indicates the proportion of variance in the variables, which might be caused by new factors. According to Tabachnick and Fidell (2007), when the KMO's measures of sampling adequacy is greater than 0.6, this suggests that the relationship between items is

statistically significant and is suitable for EFA to provide a parsimonious set of factors. Following Hair *et al.*'s (2006) recommendations, Bartlett's test of sphericity indicates that the correlation among the measurement items is higher than 0.3 and are suitable for EFA.

In this research, EFA was run for the items derived from the literature and qualitative study. Initially, 58 items related to the corporate logo were examined using EFA to contribute in ten theoretically established constructs. Table 6.9 illustrates that the Kaiser-Meyer-Olkin (KMO) value was 0.932 (sampling adequacy 0.6 and above is acceptable) and the Bartlett's test of sphericity (BTS) is significant (BTS = <0.001) and satisfied the required criteria (Tabachnick and Fidell, 2007). Eigenvalue (latent root) represents the amount of variance accounted for by a variable. The component analysis variance of each variable that contributes to a principal factor extraction is one or greater as significant; a factor with an eigenvalue of less than one is insignificant (Hair *et al.*, 2006; Field, 2009; Tabachnick and Fidell, 2007) and is disregarded (Hair *et al.*, 2006, p. 120). This study found ten factors with an eigenvalue greater than one and items loaded separately (i.e. cross-loading) in different components. Ten items (i.e. CL_2, CL_9, CL_14, CLT_2, CLD_1, CLN_3, CLN_7, CR_4, CAD_2, and CPF_9) with cross-loaded were excluded in second round of EFA.

**Table 6.9: KMO and Bartlett's test**

| Kaiser-Meyer-Olkin measure of sampling adequacy. | | .932 |
|---|---|---|
| | Approx. chi-square | 27423.616 |
| | df | 2485 |
| | Sig. | .000 |

The results demonstrated that all variables retained in the factor loading had communality values above 0.6 (Table 6.10) and also show the high variation between the variables from 0.602 to 0.932. All the items share above 0.6 communalities with their components and indicate that items fit well with other items in the same component (Hair *et al.*, 2006).

The total variance explained by each component was presented in Table 6.11. The number of factors that contributed eigenvalue >1 were only significant and the remaining were disregarded (Hair *et al.*, 2006; Tabachnick and Fidell, 2007). Principal component analysis showed the presence of ten components with eigenvalues exceeding one. Table 6.11 shows that the highest variance extracted by items into a construct was observed in CL (i.e. 36.626%) and

the lowest one was observed in CPR (i.e. 2.169%). Altogether, ten components explained a total variance of 80.2% (see column cumulative %), which is higher than the recommendations (Hair *et al.,* 2006; Tabachnick and Fidell, 2007).

**Table 6.10: Communalities shared by individual items**

| Variables | Initial | Extraction | Variables | Initial | Extraction | Variables | Initial | Extraction |
|---|---|---|---|---|---|---|---|---|
| CL_1 | 1.000 | .652 | CLN_1 | 1.000 | .865 | CPF_3 | 1.000 | .791 |
| CL_3 | 1.000 | .749 | CLN_2 | 1.000 | .807 | CPF_4 | 1.000 | .808 |
| CL_4 | 1.000 | .764 | CLN_4 | 1.000 | .855 | CPF_6 | 1.000 | .772 |
| CL_6 | 1.000 | .797 | CLN_7 | 1.000 | .881 | CPF_7 | 1.000 | .839 |
| CL_7 | 1.000 | .746 | CLN_8 | 1.000 | .871 | CPF_8 | 1.000 | .655 |
| CL_8 | 1.000 | .793 | CLN_9 | 1.000 | .756 | CPR_1 | 1.000 | .714 |
| CL_10 | 1.000 | .755 | CI_1 | 1.000 | .783 | CPR_3 | 1.000 | .923 |
| CL_13 | 1.000 | .761 | CI_2 | 1.000 | .923 | CPR_4 | 1.000 | .894 |
| CLT_3 | 1.000 | .835 | CI_3 | 1.000 | .932 | CPR_5 | 1.000 | .923 |
| CLT_4 | 1.000 | .852 | CI_4 | 1.000 | .924 | CPR_6 | 1.000 | .905 |
| CLT_5 | 1.000 | .865 | CI_5 | 1.000 | .853 | | | |
| CLT_6 | 1.000 | .831 | CR_1 | 1.000 | .809 | | | |
| CLT_7 | 1.000 | .846 | CR_2 | 1.000 | .815 | | | |
| CLT_8 | 1.000 | .879 | CR_3 | 1.000 | .769 | | | |
| CLD_2 | 1.000 | .602 | CR_5 | 1.000 | .805 | | | |
| CLD_3 | 1.000 | .680 | CR_6 | 1.000 | .830 | | | |
| CLD_5 | 1.000 | .772 | CR_7 | 1.000 | .734 | | | |
| CLD_6 | 1.000 | .813 | CAD_1 | 1.000 | .766 | | | |
| CLD_7 | 1.000 | .681 | CAD_3 | 1.000 | .870 | | | |
| CLD_9 | 1.000 | .776 | CAD_4 | 1.000 | .841 | | | |
| CLC_1 | 1.000 | .670 | CAD_8 | 1.000 | .829 | | | |
| CLC_2 | 1.000 | .756 | CAD_9 | 1.000 | .845 | | | |
| CLC_3 | 1.000 | .804 | CAD_10 | 1.000 | .835 | | | |
| CLC_5 | 1.000 | .727 | CPF_1 | 1.000 | .736 | | | |

Extraction method: principal component analysis.

Note: CL = corporate logo, CLT = typeface, CLD = design, CLN = corporate name, CI = corporate image, CR = corporate reputation, CAD = attitude towards advertising, CPF = familiarity, and CPR = reputation

**Table 6.11: Total variance explained**

| Component | Initial eigen values | | | Extraction sums of squared loadings | | | Rotation sums of squared loadings | | |
|---|---|---|---|---|---|---|---|---|---|
| | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % |
| 1 | 21.243 | 36.626 | 36.626 | 21.243 | 36.626 | 36.626 | 5.945 | 10.249 | 10.249 |
| 2 | 5.462 | 9.417 | 46.044 | 5.462 | 9.417 | 46.044 | 5.266 | 9.080 | 19.329 |
| 3 | 4.031 | 6.950 | 52.993 | 4.031 | 6.950 | 52.993 | 5.113 | 8.815 | 28.144 |
| 4 | 3.398 | 5.858 | 58.851 | 3.398 | 5.858 | 58.851 | 4.985 | 8.595 | 36.740 |
| 5 | 2.963 | 5.108 | 63.960 | 2.963 | 5.108 | 63.960 | 4.681 | 8.071 | 44.811 |
| 6 | 2.659 | 4.584 | 68.543 | 2.659 | 4.584 | 68.543 | 4.609 | 7.946 | 52.757 |
| 7 | 2.329 | 4.015 | 72.559 | 2.329 | 4.015 | 72.559 | 4.526 | 7.803 | 60.560 |
| 8 | 1.786 | 3.080 | 75.638 | 1.786 | 3.080 | 75.638 | 4.289 | 7.395 | 67.955 |
| 9 | 1.435 | 2.474 | 78.112 | 1.435 | 2.474 | 78.112 | 4.092 | 7.056 | 75.010 |
| 10 | 1.258 | 2.169 | 80.281 | 1.258 | 2.169 | 80.281 | 3.057 | 5.271 | 80.281 |

| | | | |
|---|---|---|---|
| **11** | .800 | 1.378 | 81.660 |
| **12** | .718 | 1.238 | 82.898 |
| **13** | .565 | .974 | 83.872 |
| **14** | .525 | .906 | 84.778 |
| **15** | .501 | .863 | 85.641 |

Extraction method: Principal component analysis (Total 58 items were examined, however, the table presents only 15 observations).

The scree test was the third criteria applied to determine the number of factors. In identifying the extraction factors by eigenvalues, the scree plot as a graphical method was used to determine the maximum number of factors. The eigenvalues are plotted in the sequence of principal factors. The number of factors is chosen where the plot levels off to a linear decreasing pattern. The scree test of eigenvalues plotted against the number of factors in their order of extraction, and the shape of the resulting curve is used to evaluate the cut-off point (Hair *et al.,* 2006). According to Tabachnick and Fidell (2007), as the scree plot negatively decreases, the eigenvalue is highest for the first factor and moderate but decreasing for the next few factors before reaching small values for the last several factors. Hair *et al.* (2006) state, "starting with the first factor, the plot slopes steeply downward initially and then slowly becomes an approximately horizontal line. The point at which the curve first begins to straighten out is considered to indicate the maximum number of factors to extract" (p. 120). Figure 6.5 shows the scree plot test on data to confirm the extracted factors through eigenvalues, and it confirmed the same number of factors extracted using KMO's latent root criteria i.e. eigenvalue>1. The figure revealed a quite clear breakdown between nine and eleven. Components one to ten explained or captured much more of the variance than the remaining components.

Scholars (Hair *et al*., 2006; Tabachnick and Fidell, 2007) state that it is necessary to identify the suitable loading for each variable onto each factor. To identify an important factor loading, based on the research sample size (n=332 HSBC consumers), the appropriate factor loading was 0.6 and above at the 0.05 significance level (Hair *et al*., 2006). Churchill (1979) suggests deleting items with a factor loading lower than 0.4. Table 6.12 reveals the rotated component matrix of the scale and the results shows that items were loaded on ten factors ranging from 0.602 to 0.890 and satisfied the minimum factor loadings criteria (Churchill, 1979; Hair *et al.,* 2006; Pallant, 2007). Cronbach's α measured for the consistency of each component with its relevant items (Cronbach, 1951; Nunnally, 1978).

**Figure 6.5: Scree plot of all the dimensions**
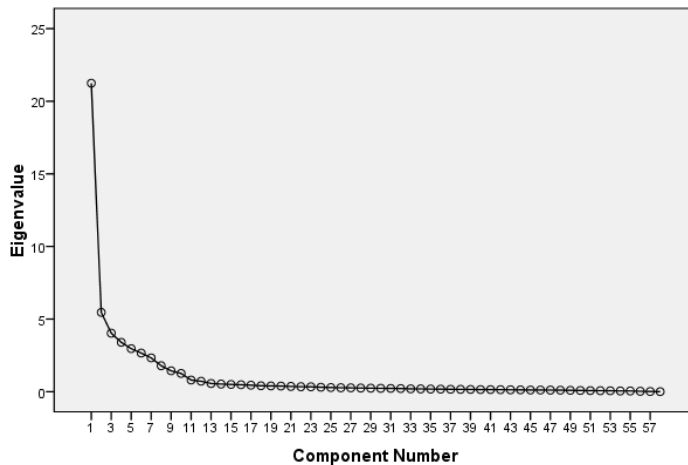


Source: Analysis of survey data (SPSS file)

The constructs were theoretically tested in two separate groups: 1) The corporate logo construct and its components (typeface, colour, design and corporate name) were tested in a separate group as Menon *et al.* (1996) recommended that, when there are many constructs to be examined, assessing fewer measurement models yields more reliable results. 2) The main benefits of the corporate logo (corporate image, corporate reputation, familiarity, Attitude towards advertisement, and recognisability). After developing the factors' internal consistency, each loaded factor was assessed by Cronbach's alpha measure.

In summary, ten items were removed from the constructs due to low factor and cross loadings and the majority of the items were loaded on their corresponding constructs (see Appendix 6.5 for EFA analysis before delete). The purpose of EFA is to recognise whether the items fit within theoretical factor structures. Cronbach's alpha for each factor confirmed that the items in each factor were internally consistent (Nunnally, 1978).

**Table 6.12: Factor loadings**

| Components | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Items** | **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** |
| CL_1 | .654 | | | | | | | | | |
| CL_3 | .697 | | | | | | | | | |
| CL_4 | .761 | | | | | | | | | |
| CL_6 | .755 | | | | | | | | | |
| CL_7 | .772 | | | | | | | | | |
| CL_8 | .800 | | | | | | | | | |

| Item | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|---|---|---|---|---|---|---|---|---|---|
| **CL_10** | .785 | | | | | | | | | |
| **CL_13** | .775 | | | | | | | | | |
| **CLT_3** | | | .771 | | | | | | | |
| **CLT_4** | | | .797 | | | | | | | |
| **CLT_5** | | | .819 | | | | | | | |
| **CLT_6** | | | .779 | | | | | | | |
| **CLT_7** | | | .778 | | | | | | | |
| **CLT_8** | | | .804 | | | | | | | |
| **CLD_2** | | | | | | | | | .602 | |
| **CLD_3** | | | | | | | | | .672 | |
| **CLD_5** | | | | | | | | | .779 | |
| **CLD_6** | | | | | | | | | .762 | |
| **CLD_7** | | | | | | | | | .696 | |
| **CLD_9** | | | | | | | | | .756 | |
| **CLC_1** | | | | | | | | | | .724 |
| **CLC_2** | | | | | | | | | | .747 |
| **CLC_3** | | | | | | | | | | .796 |
| **CLC_5** | | | | | | | | | | .763 |
| **CLN_1** | | | | | .765 | | | | | |
| **CLN_2** | | | | | .760 | | | | | |
| **CLN_4** | | | | | .752 | | | | | |
| **CLN_7** | | | | | .816 | | | | | |
| **CLN_8** | | | | | .784 | | | | | |
| **CLN_9** | | | | | .722 | | | | | |
| **CI_1** | | | | | | .800 | | | | |
| **CI_2** | | | | | | .881 | | | | |
| **CI_3** | | | | | | .870 | | | | |
| **CI_4** | | | | | | .868 | | | | |
| **CI_5** | | | | | | .835 | | | | |
| **CR_1** | | | | .864 | | | | | | |
| **CR_2** | | | | .855 | | | | | | |
| **CR_3** | | | | .837 | | | | | | |
| **CR_5** | | | | .863 | | | | | | |
| **CR_6** | | | | .883 | | | | | | |
| **CR_7** | | | | .833 | | | | | | |
| **CAD_1** | | .804 | | | | | | | | |
| **CAD_3** | | .889 | | | | | | | | |
| **CAD_4** | | .871 | | | | | | | | |
| **CAD_8** | | .865 | | | | | | | | |
| **CAD_9** | | .890 | | | | | | | | |
| **CAD_10** | | .877 | | | | | | | | |
| **CPF_1** | | | | | | | .690 | | | |
| **CPF_3** | | | | | | | .735 | | | |
| **CPF_4** | | | | | | | .759 | | | |
| **CPF_6** | | | | | | | .792 | | | |
| **CPF_7** | | | | | | | .808 | | | |
| **CPF_8** | | | | | | | .679 | | | |
| **CPR_1** | | | | | | | | .656 | | |
| **CPR_3** | | | | | | | | .884 | | |
| **CPR_4** | | | | | | | | .850 | | |
| **CPR_5** | | | | | | | | .884 | | |
| **CPR_6** | | | | | | | | .855 | | |
| **Cronbach's a** | .942 | .958 | .967 | .945 | .959 | .965 | 930 | .959 | .912 | .875 |

Extraction method: Principal component analysis.
**Source:** Analysis of survey data (SPSS file)
Rotation method: Varimax with KMO normalisation.
A rotation converged in eight iterations.
**Note:** CL = corporate logo; CLT = typeface, CLD = design, CLN = corporate name, CI = corporate image, CR = corporate reputation, CAD = attitude towards advertisment, CPF = familiarity, and CPR = recognisability.

# 6.6. STRUCTURAL EVALUATION OF THE MODEL

## 6.6.1. Basic concepts of structural equation modelling (SEM)

### 6.6.1.1. Introduction

Structural equation modelling (SEM) is a collection of statistical techniques, which helps bring the data and underlying theory together (Tabachnick and Fidell, 2006).

> "Structural equation modelling is also referred to as causal modelling, causal analysis, simultaneous equation modelling, analysis of covariance structures, path analysis, or confirmatory factor analysis. The latter two are actually special types of SEM" (Tabachnick and Fidell, 2006, p. 676).

SEM statistical tools allow questions to be answered that involve multiple regression analysis of factors such as linear regression, factor analysis, principal component analysis (PCA), analysis of variance (ANOVA), and multivariate analysis of variance (MANOVA). SEM enables the researcher to model multiple layer relationships among the multiple independent and dependent variables simultaneously (Hair *et al.,* 2006). The response variable in one regression equation in a structural equation modeling may appear as a predictor in another equation; indeed, variables in a structural equation modeling may impact each another, either directly or through other variables as intermediaries. The structural equations represent the causal relationships between the variables within the model.

A more charitable interpretation is that SEMs are close to the kind of informal thinking about causal relationships that is common in theorising in social science and marketing theories, therefore, the researcher find the model useful for translating such theories into data analysis.

### 6.6.1.2. Types of models in SEM

SEM contains two interrelated models explicitly, namely, the measurement model and structural model (Hair *et al.,* 2006). According to Tabachnick and Fidell (2007, p. 584), confirmatory factor analysis is a sophisticated technique, which is used in the advanced stages of the research process to test a theory about the relationship between a set of measurement

items and their respective factors (Gupta *et al.,* 2011). The part of the model that relates the measured variables to the factors is sometimes called the measurement model and is also known as confirmatory factor analysis (CFA) to define the constructs.

According to the recommendations by authors (Anderson and Gerbing, 1988; Hair *et al.*, 2006), the two-step approach in structural equation modelling (SEM) allows examining the importance of all pattern coefficients and presents a useful framework for formal comparisons of the substantive model of interest with the next likely theoretical alternatives. First, testing the measurement model by using AMOS 16 was carried out to identify the causal associations between the observed items (variables) and the latent (unobserved) construct. The validity of the construct was tested by confirmatory factor analysis in this stage (Hair *et al.,* 2006). Second, testing the structural (i.e., regression path) model, explains the causal relations among the observed constructs. The analysis and results of the two models are explained in the section below.

### 6.6.1.3. Practical consideration for SEM

According to Tabachnick and Fidell (2007), before adopting the SEM technique, it is vital to consider some practical issues.

### 6.6.1.3.1. Sample size

SEM is based on covariances that, like correlations, are less stable when estimated from small samples (Tabachnick and Fidell, 2007). Sample size provides the basis for the estimation of sample error and influences on the ability of the model to be correctly estimated (Hair *et al.,* 2006). According to researchers (Hair *et al.,* 2006; Tabachnick and Fidell, 2007), SEM requires a large sample size to be based on the number of measurement items in a model, model misspecification, model complexity, and estimation procedure. However, there is no correct or absolute sample size limit established in the literature. Hair *et al.* (2006) state that a model with five or fewer constructs and more than three items each and communality higher than 0.6 can be estimated with a small sample size (100 to 150). Moreover, a model with modest communality (0.45 to 0.55) needs a sample of more than 200. The more complex model with more than six constructs and low communality (<0.45) requires samples above 500 (Hair *et*

*al.,* 2006). In the present study, the sample is 332 and communalities are above 0.5, therefore the issue of sample size was not a serious concern.

### 6.6.2. One-step or two-step approach

The two-step approach was recommended by the researchers (Anderson and Gerbing, 1988; Hair *et al.,* 2006) and is the most appropriate approach for the present analysis, due to its advantages compared with single-step analysis. It involves the simultaneous estimation of 1) the measurement model, which allows for unidimensionality assessments, reliability, and validity (convergent and discriminant) of the model; 2) the structural model, evaluated by verifying the causal relationships based on path significance between theoretically proposed latent constructs.

Essentially, this approach facilitates formal comparisons between the proposed model and alternative models (for a summary of the mentioned advantages) (Anderson and Gerbing, 1988, p. 422). The one-step approach estimates the measurement and structural model simultaneously (Anderson and Gerbing, 1988). According to Hair *et al.* (2006), the superiority of the one-step approach in how the overall fit of a model is tested without regard to separate measurement and structural models. Some researchers (Hair *et al.,* 2006; Fornel and Yi, 1992) assert that the one-step approach is preferable to the two-step approach when the model is derived from strong theoretical justifications and measurement items have been firmly established in prior research. However, researchers (Anderson and Gerbing, 1988) recommend that the one-step approach is given less consideration due to the difficulty of achieving a good model fitting. For the above reasons, the two-step approach was adopted for this study.

### 6.6.3. Basic model evaluation

According to the recommendations of Anderson and Gerbing (1988) and Hair *et al*. (2006), the two-stage approach in structural equation modelling (SEM) allows testing of the importance of all pattern coefficients and provides a particularly useful framework for formal comparisons of the substantive model of interest with the next likely theoretical alternatives. The first stage is testing the measurement model (inner-model) by using AMOS 16 and is carried out to identify the causal associations between the observed items (variables) and the latent (unobserved) construct. The validity of the construct was tested by confirmatory factor analysis

in this stage (Hair *et al.,* 2006). The second stage is testing the structural (i.e. regression path) model (outer-model), which explains the causal relations among the observed constructs (Anderson and Gerbing, 1988). The analysis and results of the two models are explained below:

- Measurement model was assessed through examining psychometric reliability and validity test. The inner-model is functional while one dependent construct becomes independent in a subsequent dependence relationship. (Tabachnick and Fidell, 2007)

- The second step is to assess the structural model through multiple regression technique such as hypothetical relationships based over sign, magnitude and significance level (Tabachnick and Fidell, 2007).

### 6.6.3.1. Step one: measurement model results

The first part of evaluating a model is the measurement model, which employs CFA to evaluate the reliability (Cronbach's α and composite reliability) and validity (convergent and discriminant) of the model. Sufficient external consistency can be achieved by using full measurement models and modification indices (in AMOS) to recognise multiple loading items. Moreover, it may be attained by removing items that do not cluster with the other items in a measure in a sorted or ordered similarity coefficient matrix for all the study measures taken together, or the first derivative procedure applied to the full measurement model. According to Barbara (2001), the measurement model employs the factor analysis to evaluate the extent to which observed variables are loaded on their underlying construct. The measurement model (CFA) confirms the underlying association of the observed variables with the latent factors (Hair *et al.,* 2006).

The measurement model assessment by confirmatory factor analysis verified the overall validity of the model (e.g. nomological validity). The absolute fit indices measure how well the estimated model reproduces the observed data. The fit indices assess the overall discrepancy among the observed and implied covariance matrices. For that, goodness-of-fit criteria and unidimensionality were used to confirm the applicability of the model (Steenkamp and Trijp, 1991). Steenkamp and Trijp (1991) state that confirming the unidimensionality of a

construct is the first step in proving that a common trait represents a set of indicators, which was assessed by reliability tests (i.e. Cronbach's alpha reliabilities) and factor loadings for each construct. As the determination of the model's fit is complicated, the various goodness-of-fit criteria have been developed to evaluate structural equation models under different assumptions (Byrne, 2001; Kaplan, 2000).

The measurement model was observed for overall fitness by referring to fit indices as suggested by authors (Byrne, 2001; Hair *et al.,* 2006; Kline, 2005; Tabachnick and Fidell, 2007). The fit indices reported in this study were model absolute fit, incremental fit, and parsimony fit indices. According to Hair *et al.* (1998), the absolute fit indices are the degree to which the overall model (structural and measurement model) predicts the observed covariance or correlation matrix. Absolute fit indices indicate that the structural equation model represents a satisfactory fit of a certain model independently from any other model (Hair *et al.,* 2006). Most commonly, within absolute fit indices criteria are included as: Chi-square ($\chi$2), goodness-of-fit index (GFI), normed fit Chi-square CMIN/DF ($\chi$2 /*df*), adjusted goodness-of-fit index (AGFI), and root means square error of approximation residual (RMSEA). Table 6.13 summarises some of the most common measures of goodness-of-fit applied in the marketing literature.

**Table 6.13: Goodness-of-fit measures**

| | Description | Acceptable fit |
|---|---|---|
| **Absolute fit measures** | | |
| **Chi-square ($\chi$2)** | A 'badness of fit measure' Minimum value of discrepancy, used to test the null hypothesis that the estimated variance-covariance matrix deviates from the sample. It is sample sensitive. The more the implied and sample moments differ, the bigger the chi-square statistic, and the stronger the evidence against the null hypothesis. | $p > 0.05$ (at $\alpha$ equals to 0.05 level) |
| **Goodness-of-fit index (GFI)** | Expresses the overall degree of fit by comparing the squared residuals from predictions with the actual data. Represents the comparison of the square residual for the degree of freedom, obtained through ML (maximum likelihood) and ULS (unweighted least squares) | Value >0.95 good fit; value 0.90- 0.95 adequate fit |
| **Normed fit Chi-square CMIN/DF ($\chi$2 /*df*)** | Minimum discrepancy divided by its degree of freedom. Value close to one indicate a good fit but less than one implies over fit | Close to 1 is good, but should not exceed to3 |
| **Adjusted goodness-of-fit index (AGFI)** | An expansion of the GFI index Adjusted by the ratio of the *df* for the proposed model and the null model. | Value >0.95 good fit; value 0.90-0.95 adequate fit |
| **Root means square error of approximation residual (RMSEA)** | Population discrepancy function, which implies that how well the fitted model approximates per degree of freedom. | Value<0.05 good fit; value 0.08- 0.05 adequate fit |
| **Incremental fit measures** | | |

| Normed - fit index (NFI) | Compares the proposed model with the null model, without considering the degrees of freedom (not adjusted for df). The effect of sample size is strong | Value >0.95 good fit; Values above 0.08 and close 0.90 indicate acceptable fit |
|---|---|---|
| The normed comparative fit index (CFI) | A variation of the NFl, NNFI and identical to the relative non-centrality index (RNI). Represents the comparative index between proposed and baseline model adjusted for df. It is highly recommended index for fitness of model | Value >0.95 good fit; Values above 0.08 and close 0.90 indicate acceptable fit |
| Tucker-Lewis Index (TLI) or Non-normed fit index (NNFI) | Opposite of NFI and called non-NFI or NNFI. Represents the comparative index between proposed and baseline model adjusted for df | Value >0.95 good fit; Values above 0.08 and close 0.90 indicate acceptable fit |
| **Parsimonious fit measures** | | |
| Parsimony goodness-Fit index (PGFI) | Degree of freedom is used to adjust the GFI value using parsimony ratio. | Higher value compared to the other model is better |
| Parsimony normed fit index (PNFI) | Degree of freedom is used to adjust the NFI value based on parsimony ratio | Higher value compared to the other model is better |

Source: Developed from Hair *et al.* (1998, 2006)

Incremental fit indices compare the fit of the targeted model with a null model in which the variables are uncorrelated (Hair *et al.,* 2006). The incremental fit indices were used to evaluate how well the model fits relative to some alternative baseline model. The absolute fit indices yield a direct measure of model fit, with no consideration of the fit of the substantive model relative to a null model (incremental fit indices). The common incremental fit indices criteria are included as: normed fit index (NFI), normed comparative fit index (CFI), Tucker-Lewis Index (TLI) or the non-normed fit index (NNFI).

Parsimony fit indices were used to indicate that the model is fit adequately (Hair *et al.,* 2006). Parsimony fit indices criteria are included as: the parsimony goodness-fit index (PGFI), and parsimony normed fit index (PNFI).

CFA provides quantitative measures of the reliability and validity of the constructs (Hair *et al.,* 2006) by applying maximum likelihood estimation method for confirmatory factor analysis in measurement model. Based on the criteria for the measurement model, stepwise analysis is given as follows:

### 6.6.3.1.1. Measurement of the reliability (item level)

Measurement of reliability is the first assessment of the measurement model that assessed the

internal consistency of the measuring of observed variables/items in order to represent a latent construct (Hair *et al.*, 2006) and avoid additional dimensions produced by factor analysis due to garbage items (Churchill, 1979). Internal consistency reliability refers to the homogeneity of items within the scale (Churchill, 1979). Item-reliability indicates which part of an item's variance can be explained by the underlying latent variable. The internal consistency reliability was assessed using the coefficient alpha method, and not the split-half technique, because Cronbach's alpha is the most widely used internal consistency method that indicates how the different items purport to measure different aspects of a construct (Churchill, 1979; DeVellis, 2003; Hair *et al.*, 2006; Tabachnick and Fidell, 2007). Tables 6.14 to 6.23 show that the absolute correlation between the construct and its measuring manifest items (i.e. factor loading) was above the minimum threshold criteria of 0.4. The factor loading ranged from 0.725 (CPF_8 <-- CPF) to 0.995 (CPR_6 <-- CPR) and satisfied the reliability requirements (Churchill, 1979).

### 6.6.3.1.2. Measurement of reliability (construct level)

The construct-level reliability, also called 'composite reliability', ensured that items assigned to the same constructs revealed a higher relationship with each other. The appropriateness of the measurement model involves examining the statistical significance of each factor loading and calculation of the composite reliability. Composite reliability or construct reliability measures the internal consistency of the indicators, depicting the extent to which they indicate the common latent construct. The composite reliability was recommended to be greater than 0.7 (Hair *et al.,* 1998). Cronbach's alpha and composite reliability were computed to examine the construct level reliability.

Tables 6.14 to 6.23 show that the Cronbach's α was higher than the required value of Cronbach's alpha, which was above the criteria value (0.875 through 0.967>0.70) and satisfied the requirements of the psychometric reliability test (Hair *et al.,* 2006; Nunnally, 1978). Cronbach's α measured the unidimensionality of the multi-item scale's internal constancy (Cronbach, 1951), and construct reliability measured how well that construct was measured by its assigned items (Fornell and Larcker, 1981). In this study, the squared multiple correlations (SMC) was employed to measure the construct reliability and is referred to as an item reliability coefficient. SMC is the correlation between a single indicator variable and the construct it measures. The SMC for an observed variable is the square of the indicator's standardised loading. Based on the measurement analysis, the squared multiple correlations between the

construct and its measuring manifest items (i.e. factor loading) was above the minimum threshold criteria of 0.5. An SMC of 0.5 is roughly equivalent to a standardised load of 0.7 (Holmes-Smith *et al.,* 2006).

**Table 6.14: The corporate logo construct**

| Reliability Cronbach's alpha = .920 | | | Composite reliability = 0.92 | | | | Squared multiple correlations | Average variance extracted |
|---|---|---|---|---|---|---|---|---|
| **Favourable corporate logo (CL)** Standard factor loading | | | **Estimate** | **S.E.** | **C.R.** | **P** | **Value** | **0.6644** |
| CL_1 | <--- | CL | .775 | 1.000 | | | | .601 | |
| CL_6 | <--- | CL | .827 | 1.174 | .074 | 15.954 | *** | .683 | |
| CL_7 | <--- | CL | .779 | 1.114 | .076 | 14.750 | *** | .607 | |
| CL_10 | <--- | CL | .840 | 1.045 | .063 | 16.484 | *** | .706 | |
| CL_13 | <--- | CL | .827 | .991 | .060 | 16.401 | *** | .684 | |
| CL_4 | <--- | CL | .840 | 1.076 | .064 | 16.765 | *** | .706 | |

**Table 6.15: The typeface construct**

| Reliability Cronbach's alpha = .958 | | | Composite reliability = 0.96 | | | | Squared multiple correlations | Average variance extracted |
|---|---|---|---|---|---|---|---|---|
| **Typeface (CLT)** Standard factor loading | | | **Estimate/B-value** | **S.E.** | **C.R.** | **P** | **Value** | **0.82** |
| CLT_8 | <--- | CLT | .940 | 1.000 | | | | .883 | |
| CLT_7 | <--- | CLT | .893 | .949 | .033 | 28.530 | *** | .797 | |
| CLT_6 | <--- | CLT | .893 | .904 | .032 | 28.323 | *** | .798 | |
| CLT_5 | <--- | CLT | .911 | .907 | .030 | 29.949 | *** | .831 | |
| CLT_4 | <--- | CLT | .897 | .915 | .032 | 28.465 | *** | .804 | |

**Table 6.16: The design construct**

| Reliability Cronbach's alpha = .908 | | | Composite reliability = 0.91 | | | | Squared multiple correlations | Average variance extracted |
|---|---|---|---|---|---|---|---|---|
| **Design (CLD)** Standard factor loading | | | **Estimate** | **S.E.** | **C.R.** | **P** | **Value** | **0.66** |
| CLD_9 | <--- | CLD | .863 | 1.000 | | | | .744 | |
| CLD_7 | <--- | CLD | .772 | .923 | .054 | 17.210 | *** | .596 | |
| CLD_6 | <--- | CLD | .892 | 1.027 | .047 | 21.800 | *** | .796 | |
| CLD_5 | <--- | CLD | .820 | .899 | .049 | 18.415 | *** | .673 | |
| CLD_3 | <--- | CLD | .727 | .825 | .054 | 15.240 | *** | .529 | |

**Table 6.17: The colour construct**

| Reliability Cronbach's alpha = .875 | Composite reliability = 0.88 | | | | Squared multiple correlations | Average variance extracted |
|---|---|---|---|---|---|---|
| **Colour (CLC)** Standard factor loading | **Estimate** | **S.E.** | **C.R.** | **P** | **Value** | **0.64** |
| **CLC_5** <--- **CLC** .738 | 1.000 | | | | .545 | |
| **CLC_3** <--- **CLC** .878 | 1.267 | .079 | 15.959 | *** | .770 | |
| **CLC_2** <--- **CLC** .847 | 1.098 | .076 | 14.476 | *** | .717 | |
| **CLC_1** <--- **CLC** .738 | .903 | .071 | 12.785 | *** | .544 | |

**Table 6.18: The corporate name construct**

| Reliability Cronbach's alpha = .948 | Composite reliability = 0.95 | | | | Squared multiple correlations | Average variance extracted |
|---|---|---|---|---|---|---|
| **Corporate name (CLN)** Standard factor loading | **Estimate** | **S.E.** | **C.R.** | **P** | **Value** | **0.78** |
| **CLN_2** <--- **CLN** .852 | 1.000 | | | | .725 | |
| **CLN_8** <--- **CLN** .924 | 1.066 | .046 | 23.218 | *** | .804 | |
| **CLN_7** <--- **CLN** .934 | 1.045 | .043 | 24.082 | *** | .873 | |
| **CLN_4** <--- **CLN** .897 | 1.059 | .047 | 22.350 | *** | .853 | |

**Table 6.19: The corporate image construct**

| Reliability Cronbach's alpha = .965 | Composite reliability = 0.97 | | | | Squared multiple correlations | Average variance extracted |
|---|---|---|---|---|---|---|
| **Corporate image (CI)** Standard factor loading | **Estimate** | **S.E.** | **C.R.** | **P** | **Value** | **0.84** |
| **CI_5** <--- **CI** .903 | 1.000 | | | | .816 | |
| **CI_4** <--- **CI** .962 | 1.055 | .032 | 32.512 | *** | .926 | |
| **CI_3** <--- **CI** .971 | 1.066 | .032 | 33.168 | *** | .944 | |
| **CI_2** <--- **CI** .946 | 1.041 | .034 | 30.382 | *** | .895 | |
| **CI_1** <--- **CI** .816 | .890 | .042 | 20.999 | *** | .666 | |

**Table 6.20: The corporate reputation construct**

| Reliability Cronbach's alpha = .933 | Composite reliability = 0.93 | | | | Squared multiple correlations | Average variance extracted |
|---|---|---|---|---|---|---|
| Corporate reputation (CR) Standard factor loading | Estimate | S.E. | C.R. | P | Value | **0.73** |
| **CR_7** <--- **CR** .754 | 1.000 | | | | .568 | |
| **CR_6** <--- **CR** .939 | 1.190 | .066 | 18.151 | *** | .882 | |
| **CR_5** <--- **CR** .924 | 1.095 | .062 | 17.791 | *** | .854 | |
| **CR_1** <--- **CR** .819 | 1.003 | .063 | 15.931 | *** | .670 | |
| **CR_3** <--- **CR** .838 | 1.149 | .071 | 16.290 | *** | .702 | |

**Table 6.21: The attitude towards advertisement construct**

| Reliability Cronbach's alpha = .955 | | | Composite reliability = 0.95 | | | | Squared multiple correlations | Average variance extracted |
|---|---|---|---|---|---|---|---|---|
| **Attitude towards advertisement (CAD)** Standard factor loading | | | Estimate | S.E. | C.R. | P | Value | **0.80** |
| CAD_3 | <--- | CAD | .893 | 1.000 | | | | .798 | |
| CAD_4 | <--- | CAD | .873 | .934 | .039 | 23.752 | *** | .761 | |
| CAD_9 | <--- | CAD | .919 | 1.019 | .039 | 26.015 | *** | .845 | |
| CAD_10 | <--- | CAD | .906 | 1.000 | .039 | 25.340 | *** | .822 | |
| CAD_8 | <--- | CAD | .903 | 1.013 | .041 | 24.982 | *** | .816 | |

**Table 6.22: The familiarity construct**

| Reliability Cronbach's alpha = .930 | | | Composite reliability = 0.93 | | | | Squared multiple correlations | Average variance extracted |
|---|---|---|---|---|---|---|---|---|
| **Familiarity (CPF)** Standard factor loading | | | Estimate | S.E. | C.R. | P | Value | **0.69** |
| CPF_1 | <--- | CPF | .836 | 1.000 | | | | .699 | |
| CPF_3 | <--- | CPF | .868 | .978 | .049 | 20.130 | *** | .754 | |
| CPF_4 | <--- | CPF | .897 | 1.137 | .053 | 21.326 | *** | .804 | |
| CPF_6 | <--- | CPF | .798 | 1.057 | .062 | 17.182 | *** | .637 | |
| CPF_7 | <--- | CPF | .877 | 1.133 | .056 | 20.207 | *** | .769 | |
| CPF_8 | <--- | CPF | .725 | .971 | .064 | 15.084 | *** | .525 | |

**Table 6.23: The recognisability construct**

| Reliability Cronbach's alpha = .943 | | | Composite reliability = 0.94 | | | | Squared multiple correlations | Average variance extracted |
|---|---|---|---|---|---|---|---|---|
| **Recognisability (CPR)** Standard factor loading | | | Estimate | S.E. | C.R. | P | Value | **0.81** |
| CPR_1 | <--- | CPR | .730 | 1.000 | | | | .533 | |
| CPR_3 | <--- | CPR | .851 | 1.276 | .079 | 16.180 | *** | .724 | |
| CPR_4 | <--- | CPR | .988 | 1.439 | .075 | 19.112 | *** | .976 | |
| CPR_6 | <--- | CPR | .995 | 1.432 | .075 | 19.198 | *** | .990 | |

## 6.6.3.1.3. Measurement of validity (convergent validity)

Convergent validity refers to the homogeneity of the constructs, i.e. the extent to which indicators of a certain construct 'converge' or share a high proportion of variance in common. Convergent validity related to the internal consistent validity was assessed by testing whether the factor loading of items in their respective constructs are large (equal to or greater than 0.5) and statistical significant (Hair *et al.,* 2006). Moreover, the average variance extracted (AVE) for each construct ranged from 0.64 to 0.84 (Table 5.24). The good rule of thumb is that an AVE of 0.5 or higher indicates adequate convergent validity.

**Table 6. 24: Inter-construct correlation and AVE for basic model**

|      | AVE  | √AVE | CL   | CPR  | CPF  | CAD  | CR   | CI   | CLN  | CLC  | CLD  | CLT  |
|------|------|------|------|------|------|------|------|------|------|------|------|------|
| CL   | 0.66 | 0.82 | 1.00 |      |      |      |      |      |      |      |      |      |
| CPR  | 0.81 | 0.90 | 0.11 | 1.00 |      |      |      |      |      |      |      |      |
| CPF  | 0.69 | 0.84 | 0.32 | 0.36 | 1.00 |      |      |      |      |      |      |      |
| CAD  | 0.80 | 0.90 | 0.10 | 0.11 | 0.21 | 1.00 |      |      |      |      |      |      |
| CR   | 0.73 | 0.86 | 0.09 | 0.09 | 0.08 | 0.02 | 1.00 |      |      |      |      |      |
| CI   | 0.84 | 0.92 | 0.15 | 0.06 | 0.11 | 0.06 | 0.06 | 1.00 |      |      |      |      |
| CLN  | 0.78 | 0.89 | 0.36 | 0.19 | 0.25 | 0.12 | 0.10 | 0.23 | 1.00 |      |      |      |
| CLC  | 0.64 | 0.80 | 0.15 | 0.10 | 0.14 | 0.12 | 0.09 | 0.09 | 0.33 | 1.00 |      |      |
| CLD  | 0.66 | 0.82 | 0.30 | 0.18 | 0.23 | 0.11 | 0.11 | 0.22 | 0.27 | 0.30 | 1.00 |      |
| CLT  | 0.82 | 0.91 | 0.33 | 0.10 | 0.11 | 0.02 | 0.07 | 0.34 | 0.33 | 0.18 | 0.34 | 1.00 |

## 6.6.3.1.4. Measurement of validity (discriminant validity)

Discriminant validity refers to the extent to which measures diverge from other operationalisations whereby the construct is truly distinct from other constructs (Hair *et al.,* 2006; Peter and Churchill, 1986; Steenkamp and Van Trijp, 1991); it is the complementary concept to convergent validity. Table 6.25 shows that the results of average variance extracted should be greater than the squared correlation estimates (Hair *et al.,* 2006). An alternative test for discriminant validity is to compute the average variance extracted (AVE) for each construct and compare it with the square correlation between them. Note that the AVE was larger than any squared correlation of the latent variables (LV) within the context of that factor, which supports discriminant validity (Fornell and Larcker, 1981). Additional evidence for discriminant validity is that estimated correlations among factors were less than the recommended value of 0.92 (Kline, 2005). Therefore, the adapted measurement model appears to exhibit discriminant validity and does not feature any cross-loading among measured variables except the two items (I like the company (CI_1) and I have a good feeling about the company (CR_1) which discriminant validity reduce the concerns of overlapping and resulted as a distinctive items. In the case of discriminant validity, the estimated correlations were statistically significant ($p < 0.05$) (Hair *et al.,* 2006).

**Table 6.25: Constructs correlation matrix**

| Construct | CL    | CPR | CPF | CAD | CR | CI | CLN | CLC | CLD | CLT |
|-----------|-------|-----|-----|-----|----|----|-----|-----|-----|-----|
| CL        | **0.82** |     |     |     |    |    |     |     |     |     |
| CPR       | 0.326 | **0.9** |     |     |    |    |     |     |     |     |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **CPF** | 0.567 | 0.597 | **0.84** | | | | | | |
| **CAD** | 0.322 | 0.335 | 0.461 | **0.9** | | | | | |
| **CR** | 0.298 | 0.294 | 0.29 | 0.135 | **0.86** | | | | |
| **CI** | 0.386 | 0.238 | 0.329 | 0.246 | 0.254 | **0.92** | | | |
| **CLN** | 0.598 | 0.439 | 0.499 | 0.344 | 0.319 | 0.478 | **0.89** | | |
| **CLC** | 0.385 | 0.309 | 0.374 | 0.347 | 0.296 | 0.301 | 0.571 | **0.8** | |
| **CLD** | 0.546 | 0.425 | 0.484 | 0.338 | 0.333 | 0.473 | 0.522 | 0.546 | **0.82** |
| **CLT** | 0.577 | 0.309 | 0.335 | 0.126 | 0.268 | 0.585 | 0.576 | 0.43 | 0.583 | **0.91** |

Note: Average variance was extracted from the square roots of average variance extracted.

### 6.6.3.1.5. Measurement of validity (nomological validity)

In CFA the overall fit of the model is used as the essential and adequate condition to test the nomological validity (Steenkamp and Van Trijp, 1991). The goodness-of-fit measure is used to assess nomological validity, as suggested by Steenkamp and Van Trijp (1991). Nomological validity is based on the construct correlation matrix elements that are expected to be related to one another (Table 6.26); it relates to the extent to which the scale predicts the data according to theory (Hair *et al*., 2006) and the validity of the entire model (Chau, 1997; Eriksson and Sharma, 1998). In other words, it concerns the overall fit of a model. Maximum likelihood (ML) was used in all measurement model estimations by CFA to estimate factor loadings. This approach is applicable as an estimation method when the sample size does not meet Hair *et al.*'s (1998) criteria of having at least five observations for each variable (Anderson and Gerbing, 1988; Bentler and Chou, 1987). The model fit indicators were utilised in model validation in order to solve the likely problem of an unreliable $\chi^2$ (Chi-square) statistic and standard errors due to ML application (Bentler and Chou, 1987).

This research used incremental fit indices as well as absolute fit indices. The absolute fit indices are used to examine the structural model and measurement model to predict the observed covariance or correlation matrix (e.g. GFI, AGFI, and RMSEA) (Hair *et al.,* 1998). According to Hair *et al.* (2006), incremental fit indices calculate how fit the specified model is, if it is compared to a baseline model (NFI, NNFI, and CFI). Furthermore, the model fit indicators were used in model validation in order to resolve the likely problem of an unreliable Chi-square static and standard error due to ML application (Bentler and Chou, 1987) (Table 6.26).

**Table 6.26: Goodness-of-fit indices of model modification**

| Model fit indicators | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Chi-square/$X^2$ | Df | RMSEA | GFI | NFI | CFI | AGFI | IFI | TLI |
| 2533.2 | 964 | .064 | .749 | .864 | .917 | .716 | .917 | .909 |

$X^2$ – Chi-square ; Df – degree of freedom; RMSEA – Root mean square error of approximation; GFI – Goodness-of-fit index; NFI – Normated fit index; CFI – Comparative fit index; AGFI – Adjusted goodness-of-fit index; and TLI – Tucker-Lewis Index

The CFI and RMSEA provide sufficient unique information to evaluate a model (Hair *et al.,* 2006). Based on this criteria, Garver and Mentzer (1999) recommend the comparative fit index (CFI), and the root mean squared approximation of error (RMSEA) 0.061 (<0.08 indicates acceptable fit). CFI 0.917 (>0.90 indicates good fit) is an incremental index that evaluates the fit of a model with the null baseline model (Hair *et al.,* 2006). CFI is considered as an improved version of the NFI index (Byrne, 2001; Hair *et al*., 2006; Tabachnick and Fidell, 2007). The normed fit index (NFI) measures the proportion by which a model is improved in terms of fit compared to base model (Hair *et al.,* 2006). However, the NFI index does not control for degrees of freedom and it underestimates fit in small samples (Byrne, 2001), (0.864 >0.08 indicates acceptable fit) (Hair *et al*., 2006). The goodness-of-fit index (GFI) measures the fitness of a model compared with another model (Hair *et al.,* 2006). GFI 0.749>0.90 indicates below the acceptable cut-off level. Adjusted goodness-of-fit index (AGFI) corrects model complexity (0.716>0.90). Both the GFI and AGFI are below the acceptable cut-off level. Hair *et al.* (2006) state that no specific value on any index can separate models into acceptable and unacceptable fits. Following Hair *et al.*'s (2006) suggestion, the researcher should report at least one incremental index and one absolute index, in addition to the value and associated degrees of freedom. The model specifications can influence model fit and the researcher should be sure that all model specifications should be done to best approximate the theory to be tested rather than increase model fit (Hair *et al.,* 2006). Since these measures mean it is difficult to provide a favourable fit for the model, these results can only be additional information.

According to Hair *et al.* (2006), the Tucker-Lewis index (TLI), also known as the non-normed fit index (NNFI), compares the $\chi^2$ value of the model to that of the independence model and takes degrees of freedom for the model into considerations (Byrne, 2001; Hair *et al*., 2006; Tabachnick and Fidell, 2007). Therefore, the measurement model of these three factors was nomologically valid (Steenkamp and Trijp, 1991). Additionally, the incremental fit index (IFI), and Tucker-Lewis index (TLI) were 0.917 and 0.909 respectively. All were greater than the

suggested threshold of 0.90 (Hair *et al.,* 2006), and each criteria of fit thus indicated that the proposed measurement model's fit was acceptable.

In summary, the results of the nomological, convergent and discriminant validity assessment of the measurement models yielded statistically and theoretically valid constructs. The necessary re-specifications were done for the corporate logo (CL), typeface (CLT), colour (CLT), corporate name (CLN), design (CLC), corporate image (CI), corporate reputation (CR), Attitude towards advertisement (CAD), familiarity (CPF), and recognisability (CPR) scales on the basis of the statistical requirements, which were theoretically justified. Eight items (CL_3, CL_8, CLT_3, CLD_2, CLN_1, CR_2, CAD_1, and CPR_5) were dropped from the CFA models. Subsequently, the underlying latent variables for the next model testing stage were robustly established.

### 6.6.3.2. Step two: structural model evaluation – hypothesis testing

Step two estimates the assumed causal and covariance linear relationship among the exogenous (independent) and endogenous (dependent) latent variables. The structural model allows evaluation of the inner model or path model. The corporate logo operational model is illustrated in Figure 6.6. The structural model details the causal associations among theoretical constructs (Anderson and Gerbing, 1982; Chau, 1997). For example, this research hypothesised that the more positive the attitude that consumers have towards a company's corporate logo, the more favourable the image they have of the company. Based on the structural model, the research hypotheses were examined from the standardised estimate and t-value (critical ratio). This thesis conducted an SEM using analysis of moment structure (AMOS) 16.0 for Windows software to run the model to test the hypotheses. Chi-square is the original fit index for structural models as it is results directly from the fit function (Hair *et al.,* 1998). The results of the proposed operational model reveal a chi-square of 2841.9 (degrees of freedom, df =; *p <.001*), the comparative fit index (CFI) of 0.933 measures the proportion by which a model is improved in terms of fit compared to the base model (Hair *et al.,* 2006). Following Bentler and Bonett's (1980) recommendations, an incremental fit index (IFI) score of 0.934, should be greater than 0.9 (Byrne, 2001; Hair *et al*., 2006) and a normed fit index (NFI) score of 0.885

further confirms that the hypothesised model offers an adequate fit for our empirical data (Table 6.27).

**Table 6.27: Goodness-of-fit indices of model modification**

| Model fit indicators | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Chi-square/X² | Df | RMSEA | GFI | NFI | CFI | AGFI | IFI | TLI |
| 2841.9 | 964 | .061 | .783 | .885 | .933 | .756 | .917 | .928 |
| X² – Chi-square; Df – degree of freedom; RMSEA – Root mean square error of approximation; GFI – Goodness-of-fit index; NFI – Normed fit index; CFI – Comparative fit index; AGFI – Adjusted goodness-of-fit index; and TLI – Tucker-Lewis index | | | | | | | | |

As shown in Table 6.27, all of the model-fit indices exceed the respective common acceptance levels and demonstrate that the model exhibited a good fit with the data collected (Byrne, 2001; and Hair *et al.,* 2006). Furthermore, the other absolute fit measure, the goodness-of-fit index (GFI), indicated an acceptable fit (0.783). The adjusted goodness-of-fit index (AGFI) is an expansion of the GFI index of 0.756 and suggests that model fit is only marginal. Hu and Bentler (1999) recommend that a PNFI value of 0.825 is the threshold for a reasonable model fit. Root mean square error of approximation (RMSEA) of 0.061 was used to judge the model fit (an acceptable level should be below 0.08, Hair *et al*., 2006; Kline 2005). It is worth noting that, because there is a lack of agreement among researchers about the best goodness-of fit-index and because some indices are sensitive to sample size, the best strategy is to adopt several different goodness-of-fit indices (Gerbing and Anderson, 1993).

**Figure 6.6: Validated structural model**
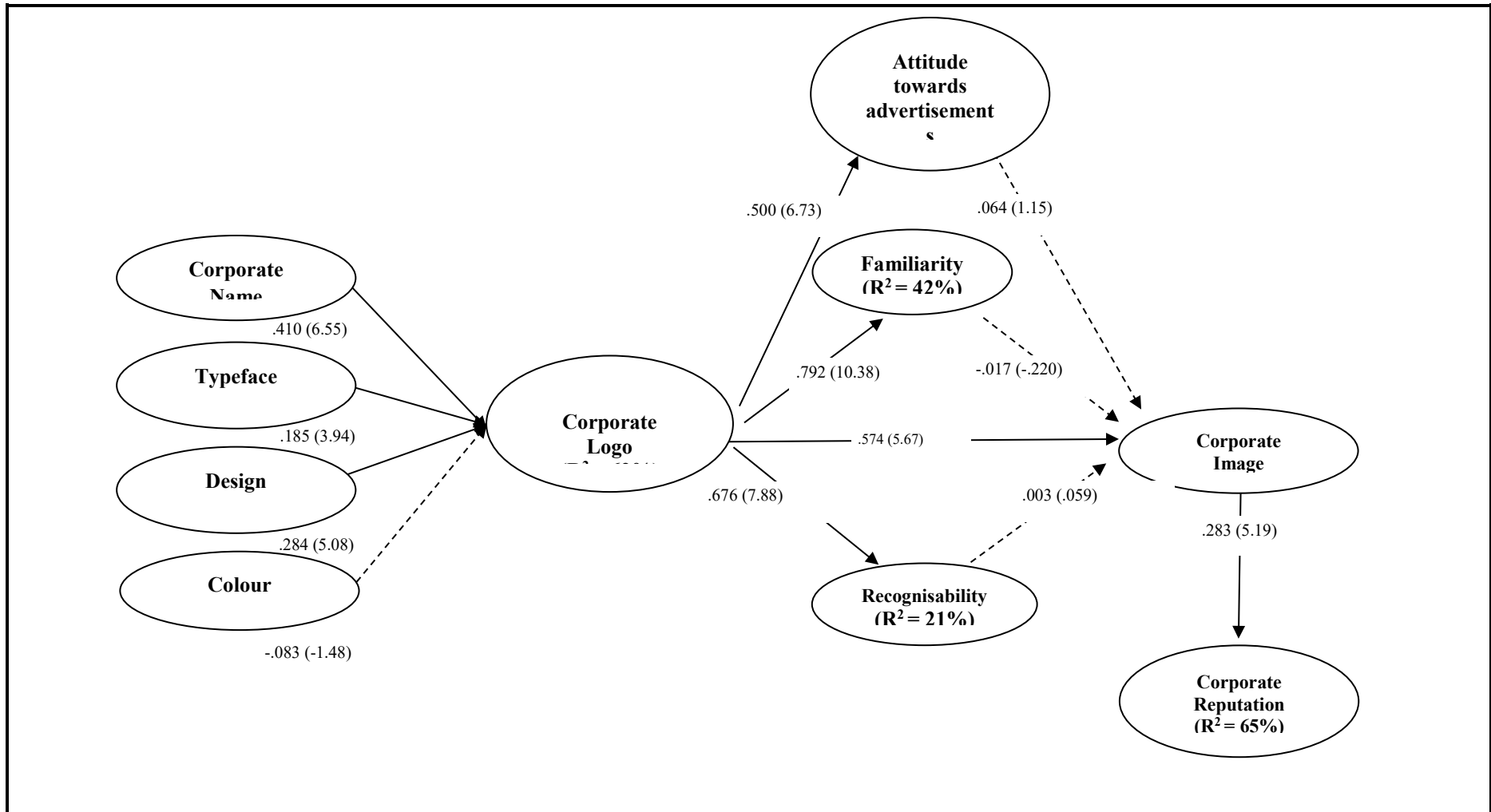
The criteria for adequate fit indicated that the fit of the proposed structural model was satisfactory. All the fit indices in this study are within the acceptable limits (Byrne, 2001; Hair *et al*., 2006; Tabachnick and Fidell, 2007). A major problem faced by the researcher using confirmatory factor analysis is that there are no universally accepted criteria for what constitutes a good fit (Loehlim, 1987; Tanaka, 1993). Thus, there is room for argument in interpreting the results of an AMOS analysis. It can be concluded that the proposed model maintains a good fit from the observed data.

In total, twelve hypotheses were tested and the implications of these results are further discussed in Chapter VII. The path coefficients represent standardised regression coefficients. The structure equation modelling reflects the assumed linear, causal relationships between the constructs were tested with the data collected from the validated measures. The square multiple correlation for the structural equations index indicates that the highest variance shared by independent variables into dependent was in CL (i.e. $R^2$= 60%), followed by CR (i.e. $R^2$= 65%). The findings regarding causal paths (standardised path coefficients ($\beta$), standard error, *p*-value and hypotheses result) and the parameter estimates corresponding to the hypothesised SEM paths and the resulting regression weights are presented in Table 6.28. The standardised regression path between the corporate name (CLN) and the corporate logo (CL) is statistically significant ($\gamma$=0.410, *t*-value= 6.553). This means that H1 is fully supported. H2 and H3 are fully supported per the significant relation between CL with CLT and CLD ($\gamma$=0.185, *t*-value=3.949; $\gamma$=0.284, *t*-value=5.087 respectively). In contrast, CL's relationship with CLC was non-significant and the regression path unexpectedly showed a significant negative relationship between these two variables ($\gamma$=-0.083, *t*-value=-1.481).

In other words, the regression weight for CL in predicting CLC is significantly different from 0 at the 0.001 significance level, therefore, Hypothesis 4 was rejected. Furthermore, the hypotheses H8, H10, and H12 were rejected because they were not statistically significant ($\gamma$= -0.064, 0.17, 0.003, respectively). The path from corporate logo to corporate image (H5) was significant ($\gamma$=0.574, *t*-value=5.678). Hypothesis 6, which explain the relationship between corporate image and corporate reputation, was found to be significant in the hypothesised direction ($\gamma$=0.283, *t*-value=5.190). The hypothesised relationship between corporate logo and Attitude towards advertisement was found to be significant ($\gamma$=0.500, *t*-value=6.731). According to the results presented in Table 6.28, it has been found that H8, H9, H10, H11, and H12 hypotheses were statistically significant ($\gamma$=0.064, *t*-value=1.152; $\gamma$=0.792, *t*-

value=10.386; γ=-0.017, *t*-value=-0.220; γ=0.676, *t*-value=7.888; and γ=0.003, *t*-value=0.059), and therefore accepted.

**Table 6.28: Results of hypothesis testing**

| Standardised regression paths | | | | Estimate | S.E | C.R | *p* | Hypothesis |
|---|---|---|---|---|---|---|---|---|
| H1 | CLN | ---> | CL | .410 | .063 | 6.553 | *** | Supported |
| H2 | CLT | ---> | CL | .185 | .047 | 3.949 | *** | Supported |
| H3 | CLD | ---> | CL | .284 | .056 | 5.087 | *** | Supported |
| H4 | CLC | ---> | CL | -.083 | .056 | -1.481 | .139 | Not Supported |
| H5 | CL | ---> | CI | .574 | .101 | 5.678 | *** | Supported |
| H6 | CI | ---> | CR | .283 | .054 | 5.190 | *** | Supported |
| H7 | CL | ---> | CAD | .500 | .074 | 6.731 | *** | Supported |
| H8 | CAD | ---> | CI | .064 | .056 | 1.152 | .249 | Not Supported |
| H9 | CL | ---> | CPF | .792 | .076 | 10.386 | *** | Supported |
| H10 | CPF | ---> | CI | -.017 | .076 | -.220 | .826 | Not Supported |
| H11 | CL | ---> | CPR | .676 | .086 | 7.888 | *** | Supported |
| H12 | CPR | ---> | CI | .003 | .048 | .059 | .953 | Not Supported |

*** $p < 0.001$
Notes: Path = Relationship between independent variable on dependent variable; β = Standardised regression coefficient; S.E. = Standard error; *p* = Level of significance.

## 6.7. SUMMARY

The purpose of this analysis has been to answer the main research question and to quantitatively test the research hypotheses. To achieve these objectives, the data was analysed in three phases, with each phase involving several stages. Phase one explored the data and included a descriptive analysis of the demographic characteristics of this sample. Initially the data was screened through pointing out missing data, which showed very low levels of missing data and that was completely at random, but some skewness and kurtosis was present in the responses. The accuracy of the data was assessed through linearity, normality, homoscedasticity, and non-response bias tests to infer accurate results that data portray. Some skewness and kurtosis was present in the responses and suggested that data was normal at a univariate level. Mahalanobis $D^2$ (d-squared) shows that only seven multivariate outliers were present. Levene's test of homogeneity is non-significant (i.e. >0.05) and the variances are not statistically different and significant. Multi-collinearity, examined using bivariate Pearson correlation, demonstrates that r and value of VIF was within range, which suggested its absence. Mann-Whitney-U was tested for non-response error from respondents and the results were unimportant with no difference between the early and late respondents.

The two-step procedure of Anderson and Gerbing (1988), which required measurement models to be estimated before the structural analysis, was followed. An exploratory factor analysis technique was used to show the relationship of variables to factors. The factors were extracted with the help of eigenvalues and scree plot. Applying Varimax of orthogonal technique in principal component, factors were rotated that illustrated maximum variance of factor loading. After running the reliability and EFA test, it was decided to delete twelve items from six constructs: CL_2, CL_5, CL_9, CL_11, CL_14, and CL_15 from corporate logo, CLN_1, CLN_3, CLN_5, and CLN_6 from corporate name, CLC_6 from colour, CLT_2 from typeface, CLD_1, CLD_4 from design, CR_4 from corporate reputation, CAD_2, CAD_5, CAD_6 from Attitude towards advertisement, CPF_9 from familiarity, as they were highly cross-loaded on other factors that could not be theoretically justified, had low communalities or low reliability. Factors extracted based on EFA were parallel-examined using scree plotting. All variables exhibited AVE values of above 0.5, indicating adequate convergence and discriminant validity for the measurements. Further analysis of nomological validity was based on the correlation matrix of the constructs. Thus, a correlation analysis was applied to the interrelationships between research variables in order to examine the possibility of multi-collinearity.

Phase two of the analysis consisted of confirmatory factor analysis (CFA) of various measurement models to analyse goodness-of-fit. By using the analysis of moment structures (AMOS 16) on the basis of 332 cases, this thesis assessed confirmatory factor analysis (CFA) of various measurement models and a structural model of the proposed corporate logo model. In the first stage, the fit of measurement model was assessed by using a CFA to analyse goodness-of-fit. All indicators were highly loaded on their specified factors and the overall goodness-of-fit indices, suggesting acceptance of the model. Then, all constructs were tested for reliability and validity, Cronbach's alpha, composite reliability and average variance extracted. The results of this study suggest the good reliability and validity of the instrument. In addition, convergent, discriminant and nomological validity for each construct were confirmed. Most importantly, confirmatory factor analysis provided the empirical evidence of construct validity based on an assessment of the psychometric properties and measurement model fit for this study.

The next stage involved the development and evaluation of our structural equation model (SEM). SEM was estimated using overall model fit and the path coefficient was associated with relevant causal effects. The proposed model was performed using structural equation

modelling (SEM) with a two-step approach. In the first-step approach, the measurement model was evaluated to observe the item and construct reliability, discriminant validity and convergent validity. The results show that the model provides a strong test of the hypothesised associations among the constructs of interest. Eight out of the twelve hypotheses were supported. Figure 6.7 illustrated the final model. The discussion, conclusions and implications of the results will be found in the next chapter.

**Figure 6.7: Final model**
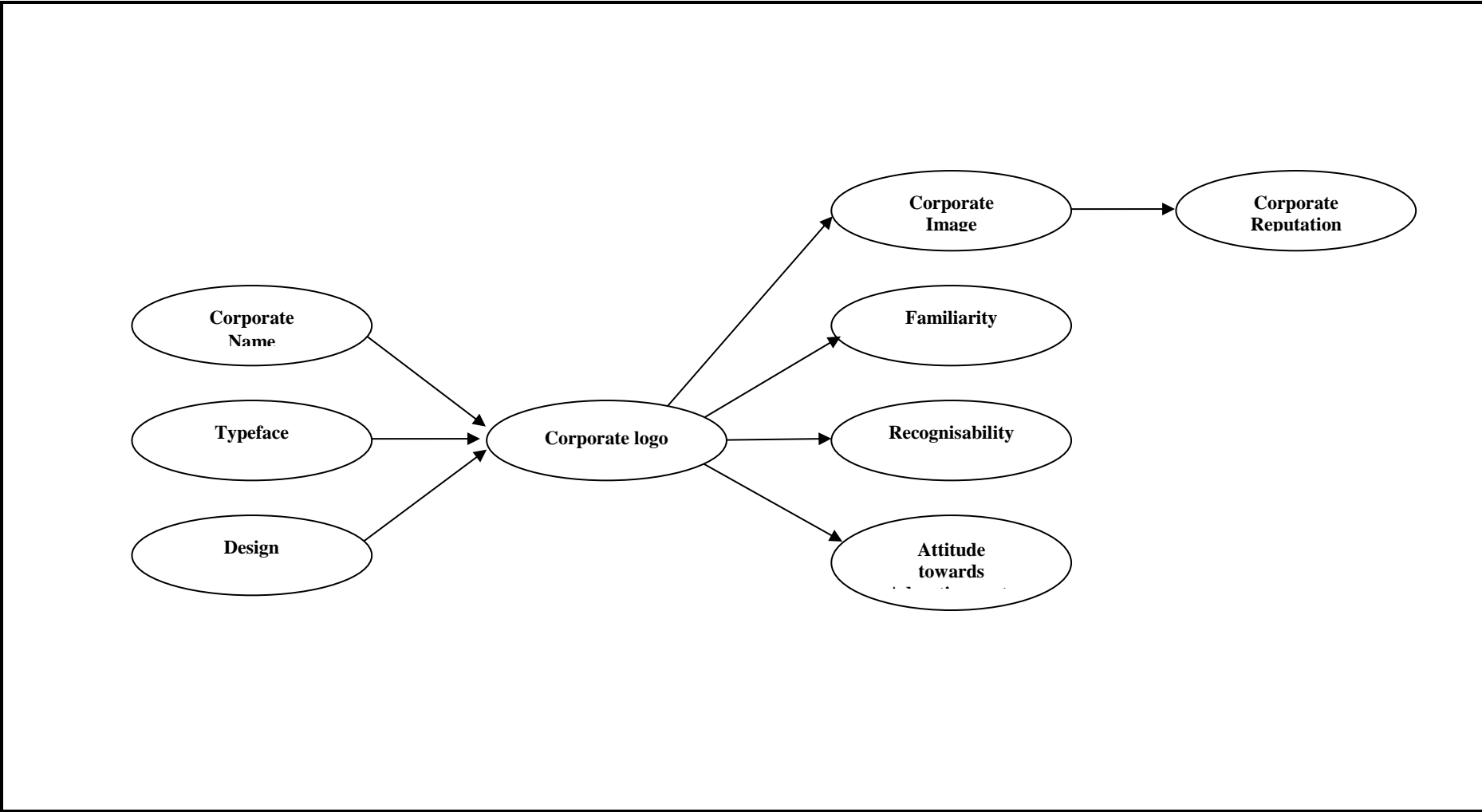
# CHAPTER VII: DISCUSSION

## 7.1. INTRODUCTION

The goal of this research is to investigate the role of the corporate logo in building the corporate image and corporate reputation; the results were presented in the previous chapter. This chapter aims to interpret the results in greater detail and to fulfill the objectives of this research by answering the research questions and testing the relationships in the proposed conceptual framework. This research used a mixed-methods approach, involving a quantitative study and less-dominant qualitative study (interview and focus group) to develop measurement scales and examined hypotheses that have received little attention to date (Deshpande, 1983; Zinkhan and Hirschheim, 1992). The existing theory presented in literature review and seven follow-up interviews with communication and design consultants and the observations of four focus groups with academics, with reference to the research objectives, are used to support the discussion (see Table 4.8 and 4.9). Details of the selection of personnel for interview and the nature of the interviews are set out in Chapter IV. The previous chapter explains how the items of adopted scales were subjected to several rounds of adjustments and finally, the acceptable measurement properties were found. All the constructs were tested for reliability and validity and the results suggest that all scales satisfied widely accepted criteria with the minimum reliability of 0.875. According to the previous chapter, the conceptual proposed framework was generally supported. Furthermore, the findings were supportive of 8 out of the 12 hypotheses.

The structure of this chapter is as follows: first, the overview of the study is presented in Section 7.2 and the findings of the hypothesis testing are reviewed. This chapter starts with hypotheses on the factors that influence the corporate logo (antecedents of the corporate logo) (H1 to H4). It will be followed by hypotheses on the effectiveness of the corporate logo and its consequences from the consumers' perspective (H5 to H12) (Section 7.3). Appraisal of the corporate logo scale is discussed in Section 7.4. Section 7.5 will discuss on of the hypotheses tests. Finally, the summary of this section is explained in Section 7.6.

## 7.2. OVERVIEW OF STUDY

This thesis investigated the concept of the corporate logo and its dimensions. This research also acknowledged the antecedents of the corporate logo (typeface, corporate name, and design) and how this involves factors that are most likely to have a significance influence on the corporate logo and its impact on corporate image and corporate reputation from the consumers' perspective. The topic is significant because logo design is becoming more and more important as a means of differentiation to distinguish companies from their competitors (Haase and Theios, 1996; Perfect and Heatherley, 1997). The corporate logo was said to affect corporate image and reputation and, as a consequence, the interest in corporate logos and corporate image has increased at an astonishing rate (Balmer and Gray, 2000; Dowling, 1994; Fombrun and Van Riel, 2004; Herbig and Milewicz, 1995; Van den Bosch *et al.,* 2005).

Most marketing literature has examined logo-word combination responses (Haase, 1996), logotypes alone (Henderson and Cote, 1998, Henderson *et al.,* 2003), and how individual design dimensions such as design and typeface affect consumers' reactions. However, so far marketing literature has no extensive study of compound logos on the consumer evaluations of logos (e.g. Henderson and Cote, 1998; Pittard *et al.,* 2007; Van der Lans *et al.,* 2009).

This research attempts to answer the question asked by Van Riel *et al.* (2001): 'what is the impact of specific antecedents of corporate logos on corporate image and corporate reputation data?'. As presented in chapter VI, the research question of this study can be divided in two sub questions: first, what are the factors that influence corporate logo favourability? and second, what are the main influences of corporate logo favourability on corporate image and corporate reputation? In other words, are there any mediating effects embedded in the association between corporate logo and corporate image? To answer this question, a multi-methods approach was adopted (Creswell, 2003; Deshpande, 1983). In order to develop the scales, this study started by investigating the concept of interest from the existing literature.

To generate additional measurement items, a sequential approach consisting of a qualitative study, which was conducted in UK, was acted as the base for the quantitative research, was employed. The qualitative study was intended to measure the gap between the corporate logo and consumers' evaluations of companies' image. It has shown that different characteristics of a logo have different meanings for different group of people and even the translation of a

company's name can be influenced (Henderson *et al.,* 2003). Besides concerns about the adequacy of the objectives, respondents addressed the examples of items during the qualitative assessment. The researcher not only added the possible new items, but also gained a deeper understanding about the topic of the interest. Henderson *et al.* (2003) suggest that responses to design may be fairly universal. This approach is more likely to decrease creative results, and to make logotypes more uniform, rather than distinct.

Qualitative methods were adopted by using content analysis of participants' interviews of their experiences. Qualitative methods were adopted in conjunction with quantitative methods to investigate (Deshpande, 1983; Zinkhan and Hirschheim, 1992) the role of corporate logos in building corporate image and corporate reputation, which has received little attention to date.

The quantitative approach was employed in the second phase. The results of the literature were used to develop a robust theoretical model that explains the association between corporate logos, corporate image and corporate reputation. Based on the qualitative findings (interview, focus group, and literature review), a questionnaire was developed to quantify, supplement and complement the first phase (Churchill, 1979). The usability of the adapted scales from other research in a new context should be examined qualitatively in order to assess their applicability to the context of the research. The theoretical framework was then operationalised in this phase. According to Melewar and Saunders (1998) the "process of measurement or operationalisation involves "rules for assigning numbers to objects to represent quantities of attributes" (p. 300). Operationalisation is the activity of finding measureable variables in hypothesis testing. The operationalisation of the corporate logo concept appears to depend on research settings and which communication tools are mostly used by companies with regards to different stakeholders. The interviewees confirmed their roles are vital to market position. For example, a design consultant asserts that:

> "The logo of our company helps memorability, so you can get visually distinctive and you see it a lot. By definition [it] is going to be quite memorable for you and [those] characteristics are easy to retain and recall. Companies need to improve their sales. So, when you see it again you feel some familiar visual familiarity. I think also that, from the company's point of view, it has the function of being [a] point of recognition [that] crosses communications from [a] website [to an] employee's business card, you can see it on advertising, on the buildings. It is something [with

a] unifying effect, [it's] all about communication media, the management of our company try to communicate a consistent message to people"

This quotation was confirmed the role of decision-makers in corporate identity management (e.g. Balmer, 2001; Simoes *et al.,* 2005). Scholars stated that organisational management is responsible for creating a favourable corporate logo to convey a consistent message to internal and external audience.

As explained in Chapter IV, the researcher developed measurement scales by extracting items from the existing scales and from the preliminary research (interviews and focus groups). The face validity of the scales was examined by academics and interviewees. Therefore, some items were excluded on the basis of the information acquired from the qualitative studies. Then, a pilot study was conducted in order to purify the measurement scales. Furthermore, to ensure the validity of the measurement scales, the developed scales were subjected to two rounds of data reduction techniques in the pilot study (EFA) and in the main data analysis (EFA and CFA) and several statistical tests (e.g. convergent and discriminant validity test, composite reliability test, etc.). Overall, theoretically and operationally valid and reliable scales were developed and then employed in the hypothesis testing.

The quantitative data was analysed using Analysis of Moment Structure (AMOS) 16.0 and the results showed that the corporate logo is a unidimensional construct in this study. In order to prove that a construct has a theoretical and observational meaning, the constructs of interest displayed a high degree of convergent and discriminant validity, and nomological validity. The model was an adequate representation of the relationships proposed between the constructs, since none of the individuals commented on the irrelevance of the adjectives in terms of their ability to describe both companies, and their personalities were addressed throughout the qualitative assessment. Furthermore, the indicators confirmed high modification indices for both the measurement and structural model. Finally, the overall structural model is assessed on the basis of 332 cases and a discussion of these results is explained in the following section.

The research conceptual model was developed, which showed the impact of the factors that influence (antecedents) the focal construct corporate logo, which in turn influence corporate image and corporate reputation. The model was then examined using a sample of HSBC consumers. Furthermore, the finding of the tests shows strong support for the model. In

particular, using a two-step approach (measurement analysis and structural analysis) presents the study in a very thorough manner that explains each step of the analysis and can be used as a guideline for future research. The confirmatory factor analysis showed that the model received a significant fit to the data. The chi-square $(\chi 2)$ =2137.254, $p$ <.001, CFI=0.933, TLI=0.928, GFI =0.756, RFI =0.877, IFI=-.934, AGFI=0.756, NFI=0.885, and RMSEA 0=0.061 following the principles recommended by authors (Anderson and Gerbing, 1988; Hair *et al.*, 2006; Tabachnick and Fidell, 2007).

In testing the hypothesised model, the majority of the relationships proposed between the constructs were statistically confirmed except for the four links between the colour (CLC) and corporate logo (CL) (H4); the consumer's attitude towards the organisation's advertisements (CAD) and corporate image (CI) (H8); company and product familiarity (CPF) and corporate image (CI) (H10); product and company recognisability (CPR) and corporate image (CI) (H12) constructs. The results indicate the H1 (CLN --> CL), H2 (CLT --> CL), H3 (CLD --> CL), H5 (CL --> CI), H6 (CI --> CR), H7 (CL --> CAD), H9 (CL --> CPF), H11 (CL --> CPR), hypotheses were statistically significant ($\gamma$=0.410, $\gamma$=0.185, $\gamma$=0.284, $\gamma$=0.574, $\gamma$=0.283, $\gamma$=0.500, $\gamma$=0.792, $\gamma$=0.676 respectively), whereas the hypotheses H4 (CLC --> CL), H8 (CAD --> CI), H10 (CPF --> CI), and H12 (CPR --> CI) were rejected because they were not significantly different from 0 at the 0.001 significance level ($\gamma$=-0.083 -0.64, 0.017, 0.003, respectively) (see Table 6.28). The following section explains the conceptual model by summarising the supporting evidence for the hypotheses and qualitative findings.

## 7.3. CORPORATE LOGO CONSTRUCT (FOCAL CONSTRUCT)

The main inspiration for this study was the need for greater clarity in the conceptualisation and measurement of the corporate logo. Despite the importance of the corporate logo, it is not well defined in the marketing literature (Henderson and Cote, 1998; Pittard *et al.,* 2007; Van der Lans *et al.,* 2009). A preliminary definition of 'corporate logo' was advanced in Chapter II and an analysis of those conceptualisations was provided in Chapter VI. So far, inadequate empirical research has been carried out on the corporate logo and its influence on the corporate image and corporate reputation from the consumer perspective (Henderson and Cote, 1998; Pittard *et al.,* 2007; Van der Lans *et al.,* 2009; Van Riel *et al.,* 2001). Hence, this study endeavored to gain a significant degree of understanding of the corporate logo construct.

The corporate logo was conceptualised as a multi-dimensional construct. The results of the qualitative study (interviews and focus groups) were treated as a preliminary insight into study problems, and used to establish an appropriate scale to measure the corporate logo. Furthermore, quantitative research was carried out to confirm the results of the qualitative study. The findings supported the conceptualisation and recommended that the measurement instrument should enable a 'customisation' of the scale. A scale of items relating to the corporate logo was developed and examined in the context of HSBC Plc. The findings allowed the corporate logo scale to be modified and simplified. The empirically tested scale supported the corporate logo as a cue that communicates what the company stands for (CL_4). The corporate logo is recognisable (CL_1) (Clow and Baack, 2010; Henderson and Cote, 1998; Muller *et al.*, 2011; Van der Lans *et al.,* 2009), makes me have positive feelings towards the company (CL_6), distinctive (CL_7) (Henderson and Cote, 1998; Van der Lans *et al.,* 2009), and memorable (CL_10), and the corporate logo communicates the company's personality (CL_13). The factor loading ranged from 0.775 (CL_1 <-- CL) to 0.840 (CL_4 <-- CL) and 0.775 (CL_10 <-- CL) and satisfied the reliability requirements (Churchill, 1979) (see Table 6.14 for the items and corporate logo construct reliability). The results shows that the reliability Cronbach's alpha ($\alpha$) is .920 which is higher than the required value of Cronbach's alpha and according to authors (Hair *et al.,* 2006; Nunnally, 1978) the results illustrates the satisfaction of the requirements of the psychometric reliability test. This section explains the significance of the relationship between the items of corporate logo (which have been confirmed by quantitative study) and corporate logo construct from the results of qualitative study. The quantitative results, specially, demonstrated six aspects of the corporate logo construct in the context of HSBC in the United Kingdom.

The following quotation from respondents in follow-up interviews suggests that corporate logo is the most important cues to 'communicate company's personality' to its customers and employees, which also confirmed the results (CL_13 <--- CL). An example includes:

> "[The] corporate logo is like clothes are to a man, you easily can change your suit, and however, it's extremely difficult to change your personality … if the logo is well used to deliver the personality and characteristics of a company, it will be persuasive to the customers and employees, such as our logo [Xerox], everywhere are the same."

This investigation therefore confirms the view that the corporate logo is one of the elements of corporate identity that can communicate the personality and values of a firm in order to be effectively presented to stakeholders. It can offer a distinct message and convey the quality of an organisation to create a positive image in the mind of respondents (Abratt, 1989; Olins, 1989; Van Heerden and Puth, 1995). It postulates that an individual identifies him/herself with a group to enhance his/her self-esteem through sharing or the prestige of the group. As social identity theory affirms (Brewer, 1991; Kramer, 1991; Tajfel and Turner, 1985), people define themselves, the way they can communicate their values with others. Therefore, 'the company logo communicates what the company stands for' (CL_4) is acknowledged as an item to measure 'the corporate logo' construct (CL_4 <--- CL).

Another element of the corporate logo in the present study is recognisability (CL_1). As mentioned in previous studies, companies try to achieve recognition in the market (Dowling, 2001). Interviewees referred to the recognition dimension of logo. The corporate logo is used as a badge of recognition for the brand, product and company, and as a sign of promises to the consumers (Ewing, 2006; Kay, 2006; Pittard *et al.,* 2007). Logos as a signature of the company can add value by stakeholders seeing and recognising the logo and clearly linking the shape and design the organisation it represents (Henderson and Cote, 1998; Kilic *et al.,* 2011). Consumers make judgments about the image of an organisation from its logo design and have strong perceptions about which corporate names are appropriate for different corporate images. Two consultant participants commented that:

"Like every brand or company, there has to be a recognisable logo that people connect with once they see it and automatically understand what it stands for and means, just like Coca Cola. It is universally recognised."

"Our brand [Xerox] is one of the world's most recognisable. We are proud of our customers' deep relationship with our brand. They recognise us from our logo and name, the quality and innovation; they know what it stands for. The company updated our brand and visual identity to better reflect our company's strategy and now we have a brand to confirm what/who we are today and whether it can support our vision for the future."

The above quotation revealed that corporate logo as an efficient management tool to orchestrate the desired features and is used to communicate (Van Riel, 1995; Van Riel *et al.,* 2001) who the company is and what it is stands for (definition of corporate identity) (Balmer, 2006; Stuart, 1997; Van Rekom, 1997; Van Riel, 1995; Van Riel *et al.,* 2001). A corporate logo is used to evoke the set of associations to communicate one clear desirable message to the consumers (Durgee and Stuart, 1987; Keller, 1993; Kropp *et al.,* 1990; Schmitt, 1995; Van Riel, 1995). Additionally, the interviews captured another important element of the corporate logo, which was confirmed by the quantitative study. A corporate logo has the dual function of representing and differentiating: the optimistic purpose of representing what a company is and the negative function of representing what a company is not, that is, the company is not its competitors (Henderson and Cote, 1998).

"I personally believe [with] new logos [that] some people like it, some not, some people said [it] is completely irrelevant. It is consistent, so it could have been anything as long as it was recognisable and recognised as Xerox and what [it] is applying to, it is deliver us a good experience. Our new identity makes a distinction [between] our company and [the] products from our main competitors. … If anything happened on our machines, the customer prefers to see [an] other logo instead of [ours]. As long as it consistently applied, it does not matter."

The above quotations from qualitative studies emaphasised on the importance of notion of the corporate identity (CL_4) and 'the company logo communicates what the company stands for' recognised by qualitative study and confirmed by quantitative study as a factor to measure the corporate logo construct.

Studies by researchers (Clow and Baack, 2010; Henderson and Cote, 1998; Muller *et al.*, 2011; Van der Lans *et al.,* 2009) place emphasis on the memorability of a logo that impacts on receivers' perception. The findings illustrated that affection triggering corporate logo can influence on individuals' memories (Henderson and Code, 1998). Example from an interviewee can be showed as follows:

"BMW use the same logo all the time regardless [of] the brand or the product they are producing, because they want people [to] remember the company as it is."

This finding is consistent with previous research in marketing literature (Henderson and Cote, 1998; Kilic *et al.,* 2011) that referred to memorability as one of the push factors that are considered to motivate individuals to generate positive responses and to purchase the product (Dann, 1981; Lee and Crompton, 1992). Therefore, 'the company logo is memorable' is an important factor of corporate logo (CL_10 <--- CL).

Another aspect of corporate logo in the current study is 'the company logo makes me have positive feelings towards the company' (CL_6 <--- CL) which has identified from the qualitative study, confirmed by the quantitative study. In addition, the qualitative research verified the item ('the company logo is distinctive') which has taken from literature review (Ajala, 1991; Balmer, 2008; Cutlip and Center, 1982; Chajet and Shachtman, 1991; Henderson and Cote, 1998; Van den Bosch *et al.*, 2006), confirmed by the quantitative study (CL_7 <--- CL).

In general, the modified scales demonstrate that the combination of items for the elements of a corporate logo is related to the target audience group in question. This conclusion is parallel to the argument made by academics that developed into multi-step corporate image implementation programmes (e.g. Abratt, 1989; Dowling, 1986; Gray and Smeltzer, 1987). Their plans suggest that companies should define the set of promotional tools according to each stakeholder group they target. The following sections explain the results obtained from hypothesis testing.

## 7.4. APPRAISAL OF THE CORPORATE LOGO SCALE

The measures of the corporate logo call for the assimilation of a wide range of activities. Indeed, the extensiveness of the corporate logo construct, as defined in this study, associates strategic orientation with specific tangible operations, which needs to be coherent and assimilated within an organisation. The corporate logo is a key component of the corporate visual identity. Managers use a logo to create positive emotions, convey meaning, or enhance recognition of the company and product to express the corporate image and corporate reputation. This study suggests that logos are most often used in an unaltered form when going into new markets to accomplish their communication goals, or it would be necessary to change logos for individual countries.

The corporate logo scale emphasised that corporate logos as a visual stimuli are used to improve quality perceptions that should be related to the determination of values and the meaning of the organisation to create an image. The scale thus supports the corporate logo as an effective tool for achieving the goals of organisations and argues that it should play an even more significant role for marketing managers.

As mentioned in Chapter II, the corporate logo as a company's signature seeks to ensure that there is cohesion in the organisation's communications, both internally and externally. Customers use the factors (corporate name, design, and typeface) as cues to predict their impression of the corporate logo. Based on the literature and the empirical study of this research, an adjusted definition of the corporate logo can thus be proposed.

*Corporate logo* is the signature of a company with an essential communication, distinctiveness, which can reflect a company's image (Henderson and Cote, 1998; Melewar, 2003; Melewar and Saunders, 1999; Schmitt and Simonson, 1997).

Figure 6.4 illustrates that the corporate logo construct was included in a model that established causal relationships between corporate logo sub-dimensions and other constructs. The next sections discuss the antecedents and consequences of the corporate logo, based on the research findings from hypothesis testing, with the support from the existing literature and qualitative findings.

## 7.5. DISCUSSION OF THE HYPOTHESES TESTS

This section discusses the results of testing the research hypotheses and sets out to meet the research objectives to address four goals: first, it explores the concept of the corporate logo and its dimensions. Second, it identifies the factors that are most likely to have a significance influence on the favourable corporate logo (antecedents of the favourable corporate logo). Third, it develops and empirically assesses a conceptual framework concerning the relationships between favourable corporate logo, its antecedents and its consequences. Finally, it investigates the impact of the favourable corporate logo on favourable corporate image and favourable corporate reputation (consequences of the favourable corporate logo). Based on the research objectives of the current study, this research aims to answer the two research questions

within the context of a financial setting in the United Kingdom: Q 1) what are the factors that influence corporate logo favourability, and Q 2) what are the main influences of corporate logo favourability on favourable corporate image and favourable corporate reputation.

Following examination of the corporate logo as a focal construct, the antecedents, and finally the consequences are examined. The discussion continues with the implications as to how the corporate logo influences the corporate image and corporate reputation. The motivation behind segregating the hypotheses into a number of relations was to understand the in-depth exploratory influence of each construct's relation as the corporate logo on the corporate image and corporate reputation. Table 6.28 presents a summary of all the paths. In the conceptual model initially a total of 12 hypotheses with 12 paths represented the relations. In the following section the findings for the antecedents and consequences of corporate logo are examined.

Overall, as a result of the measurement scale purification process discussed earlier, the corporate logo construct was included in a model that established causal relationships among corporate logo sub-dimensions and other constructs. The results of the hypotheses tests are discussed with support from the prior studies. Due to present greater details regarding the research phenomena, the findings of the qualitative study (interviews and focus groups) obtained in the exploratory stage will be used as an example of the point being discussed.

According to the hypothesis tests, most of the research hypotheses (H1, H2, H3, H5, H6, H7, H9, and H11) were supported. However, an unexpected outcome was found and H4, H8, H10, and H12 were not supported. The results of present study illustrated that colour is not important factor to influence on corporate logo. Furthermore, the unexpected outcomes indicate that consumer's attitude towards the organisation's advertisements, product and company familiarity, and product and company recognisability are not mediating between corporate logo and corporate image. However, the findings reveal that they are significant consequences of corporate logo. More details of these unexpected results will be discussed in this chapter. In the next sections, the discussions of the hypothesis tests will be explained with support from the existing literature and the qualitative findings in more details.

### 7.5.1. Antecedents of corporate logo

Based on the finding from the qualitative results – interviews and focus groups with managers

and experts, the main four factors which confirmed the influences on corporate logo (antecedents) were: corporate name, design, typeface, and colour.

From the marketing perspective, the corporate logo is a company's signature that enables the company to build an image of the company in people's minds (Henderson and Cote, 1998) and adds value to the reputation of an organisation (Green and Loveluck, 1994; Olins, 1989) to generate competitive advantage (Balmer and Gray, 2000). With regard to the first research question (Q.1: what are the factors that influence corporate logo favourability?), this study examined the four main antecedents from the literature review and qualitative study (see Chapter II and V), which are: corporate name, colour, typeface, and design. The results of follow-up interviews and focus groups supported and validated the corporate logo scale. Participants in the qualitative study confirmed their agreement with the scale and commented that it measured the essential dimensions of the corporate logo, therefore externally validating the scale. The empirical results demonstrate that colour (H4) was completely rejected colour and was not relevant to the corporate logo assessment of consumers. While other factors (corporate name (H1), typeface (H2), and design (H3)) have been found to strongly influence the corporate logo and fully accepted. These findings are relevant to the context of the current study. These factors were estimated and showed a good fit of indices in the measurement model. These constructs were depicted as latent exogenous variables in the structural model. These factors (corporate name (H1), typeface (H2), and design, (H3)) have been found to strongly influence on favourable corporate logo and contributes in enhancing the customers' perception.

The current research supports the idea that the factors such as: corporate name, typeface, and design are the key drivers of corporate logo.

Factor one – *corporate name* – represents a distinct message and the quality of the organisation to consumers. Indeed, it has been asserted that the corporate logo should emphasise the importance of the company's name (Kohli *et al.,* 2002). The corporate name, as the most identifiable element of the corporate identity, tends to be specific for each organisation (Abratt, 1989; Hatch and Schultz, 1997; Lippincott and Margulies, 1988; Poon and Fatt, 1997). The corporate logo concerns the unique, recognisable, memorable corporate features (Ajala, 1991; Clow and Baack, 2010; Henderson and Cote, 1998; Klink, 2003; Wheeler, 2003). The corporate logo and corporate name represent the articulation of the corporate uniqueness of the

company in the mind frame of stakeholders and a distinctive identity from competitors (Henderson *et al.,* 2003).

In terms of the corporate construct, this dimension provides identification for a company in order to increase recognition speed and reminds the stakeholders of the company and its organisational goals. Items such as CLN_2: 'the corporate name uniqueness versus competition' (Chan and Huang, 1997; Collins, 1977; Klink, 2003; Kotler and Armstrong, 1997; McCarthy and Perreault, 1987; McNeal and Zeren, 1981), CLN_4: 'the corporate name communicates about the company and the product's benefits and qualities' (Collins, 1977; Klink, 2003; Kotler and Armstrong, 1997; McNeal and Zeren, 1981), CLN_7: 'the corporate name is pleasing when read or heard and easy to pronounce' (Chan and Huang, 1997; Collins, 1977; Klink, 2003; Kotler and Armstrong, 1997; McCarthy and Perreault, 1987; McNeal and Zeren, 1981), and CLN_8: 'the company's name is recognisable' (McCarthy and Perreault, 1987; Kohli *et al.*, 2002) convey the cohesiveness of consumer unit.

Cohesiveness leads to the development of consistency in logo design while the name also communicates and improves the intended organisation meaning to audience. In addition to the statistical findings, interviewee commented during the exploratory stage, which presented a clear understanding of the relationship between corporate name and corporate logo. A chairman of a company established the importance of corporate name as a big task for the creative director. Communication managers revealed that in their advertisement, they highlight the name of their company behind the logo to assurance of quality. Furthermore, corporate name helps consumers to distinguish the organisation or the product against the competitors. A favourable company's name seeks to engender a favourable corporate attitude towards the company. The following is an example from a Manager of Industrial Design and Human Factors:

> "A name is a characteristic of the product and should be easily recognised … the whole advertisement is the logo. Logo identifies the name of the advertiser and the content can communicate any of a million messages … if you can embody the very thing you want in the expression of the name, that is probably is the simplest way to go, that is your starting point, so that is the easiest way to manage it. Often [the] name can help the company to be more recognisable."

Therefore, the SEM results in Table 6.28 illustrated the empirical evidence, which supports the

importance of the corporate name as a major determinant of the corporate logo. The hypothesis H1 was fully supported ($\gamma$=0.410, *t*-value= 6.553). Consistently, it receivers statistical support as evidence to this claim; the more favourable the corporate name is perceived by consumers, the more favourable the attitude consumers have towards the corporate logo.

Factor two – *typeface* – embraced corporate logo features that are linked to both marketing communications and visual identity in order to present an organisation to internal and external stakeholders. The corporate logo is the key element of the corporate visual identity: it represents a 'hard' aspect of identity and is likely to be the main practical factor of the corporate identity. Furthermore, the corporate logo, as a root of the corporate identity, is about articulating a company's features in a way that allows for the transmission of a consistent image (Childers and Jass, 2002; Henderson *et al.,* 2004; Hutton, 1987; McCarthy and Mothersbaugh, 2002; Pan and Schmitt, 1996; Tantillo *et al.,* 1995). For instance, 'the company typeface is potent (CLT_4), 'the company typeface is honest' (CLT_5), 'the company typeface communicates to me when the logo is simply not feasible' (CLT_6), 'the company typeface is immediately readable' (CLT_7), and 'the company typeface make me have feeling towards the company' (CLT_8) are specific actions for corporate identity. This element supports the idea that the typeface is an important dimension of the corporate logo (Carter, 1982; Hagtvedt, 2011; Melewar and Saunders, 1998; Olins, 1991) and its implementation is thus crucial, which can support other elements of corporate visual identity systems (Henderson *et al.,* 2004; Jenkins, 1991; Kapferer, 1992; Spaeth, 1999). There is also a fit with the perspective advocated by Henderson *et al. (*2004), that a company's typeface helps to communicate the company's goals and the message should communicate consistency (Bottomley and Doyle, 2006; Klink, 2003). This may involve pragmatic actions. As one interviewee explained,

> "… I like the Cadbury typeface and can recognise the products from its typeface, not its colour … it is readable, or a few pencil lines can communicate it immediately, no matter it is, what size it is or how far away the consumer is, all this must be of major concern to the designer."

This factor was also highlighted in follow-up interviews as an important form of company or product support or maintenance. Manager interviewees observed:

> "Our typeface is a uniquely designed curvaceous, modern typeface with lots of personality. Our typeface has an extended character-set that covers Western and

Eastern Europe that enables the company to be utilised in over 60 languages and communicates [the] same messages to people all over the world." (HO)

The comments above signified the direct relationship between the corporate name and corporate logo. However, with regards to the first research question, the H2 test supports the assertion that the more favourable the corporate typeface is perceived by consumers, the more favourable the attitude consumers have towards the corporate logo. The standardised regression path between the typeface (CLT) and the corporate logo (CL) is statistically significant ($\gamma$=0.185, $t$-value=3.949).

Factor three – *design* – captures five items from the initial scale of the design. As with Factors 1 and 2, it keeps the initial features albeit with a reduced number of items. Design represents a 'hard' aspect of identity and companies employ the corporate logo that was used in the corporate identity and formed into a design as the logo process; it is interpreted faster in the human mind, compared with words, which is the best factor to provoke emotions and ideas (Cohen, 1991; Henderson *et al.,* 2003; Peter, 1989; Robertson, 1989; Vartorella, 1990). Therefore, it is likely to be the most practical dimension of corporate identity. For example, CLD_3: 'the design of the logo communicates the company's identity' (Huppatz, 2005; Melewar and Akel, 2005; Van den Bosch *et al.*, 2006), and CLD_5: 'the design is distinct' (Henderson and Cote, 1998; Fombrun and Van Riel, 2004) support the idea that the design of a corporate logo communicates the overall corporate image as intended by the organisation through its corporate identity. Therefore, it is likely to be the most practical dimension of corporate identity. Organisations must recognise the design implications for all responses because multiple responses may be elicited (Clow and Baack, 2010; Henderson *et al.,* 2004) and its implementation is thus essential.

There is also a fit with the perspective advocated by Van der Lans *et al.* (2009) that design is a language that communicates to stakeholders, independent of verbal information that helps memorability towards the company and product. It is essential for managers and researchers to understand the significant influence of corporate logo design on consumer responses to the logo, company, and product (Henderson and Cote, 1998). This may involve pragmatic actions. One interviewee observed:

"To compete [with] our close competitors, we changed the company's identity … we created a well-designed and effective logo and modified [the] corporate identity. Our new company's logo [was] today unveiled, the most sweeping transformation of its corporate identity and is designed to reflect today's company, I like it, and it's simple. We are a customer-centric company, which is built on a continuing history of innovative ideas, product, and services … as a matter of fact we as a company believe [that] our logo is in visible aspects a sign of our organisation. We are obviously [visible] around the world by providing a memorable and distinct logo in the market."

The comments from focus group participations also support that design is an important element of corporate logo. Logo represents something in institution or a company and a favourable design of a logo should communicate something important behalf of a company. The relationship between favourable design and favourable corporate logo was fully significant and the regression path shows a significant e relationship between these two variables ($\gamma$=0.284, $t$-value=5.087) and hypothesis 3 is statistically significant. The findings illustrated the importance of design as a key predictor of the corporate logo: the more favourable the design of a company's logo is perceived by consumers, the more favourable the attitude consumers have towards the corporate logo.

The final factor identified in the literature relates to the implementation of colour. The findings provide no support for the hypothesised antecedent effect of colour on the corporate logo (see Chapter VI). The quantitative results demonstrate that colour is significantly different from 0 at the 0.001 significance level and it may not be particularly effective regarding a consumer's perception. The regression path unexpectedly showed a significant negative relationship between these two variables ($\gamma$=-0.083, $t$-value=-1.481).

This is a rather surprising result, particularly in the light of previous studies (Bottomley and Doyle, 2006). According to O'Connor (2011) the colour red has a number of different meanings across different settings. Colours have physiological effect and Hynes (2009) suggested that different colours have different impact on people. In general, other justifications could be given from some of participants' comment that:

"Communication should be consistent and by using logo and colour and should send consistent messages to their audience, however, some colours in logo are not related to the company and I believe colour is not the essential part … look at the Bournemouth university logo, they use the same design and typeface but each department has different colour but still is Bournemouth university." (HO)

"I recognise the Cadbury from its typeface not its colour." (FG 2)

"… if you remove the colour from some logos, they don't carry the same meaning but a good logo is a logo that if you print black and white still readable and looks nice and practical". (FG 2)

"…you going to consider the colours, and colour may going to take you to all sort of problems areas, mind's fields, because people look at the colour and because the colour is used by somebody else, you may face a big problem, for example a steel making company being confused by chocolate company as it was purple and I thought is Cadbury." (DA)

"Communication should be consistent and by using logo and colour and should send consistent messages to their audience, however, black and white has not transmit the same message as the colourful one". (HO)

The comments above signified a negative outcome of colours characteristics, which can be the main distinguishing feature among a set of near-identical logos. As a result, recall bias may have affected the impact of their attitude because it may have been combined with other affective perceptions. With regard to the hypothesis 4, there is no relationship between the colour used in a company's logo and the attitude that consumers have towards the corporate logo. The relationship between colour and corporate logo was non-significant (CLC ---> CL), and the regression path unexpectedly illustrated a significant negative relationship between these two variables ($\gamma$=-0.083, $t$-value=-1.481). Therefore, Hypothesis 4 was rejected because they were not statistically significant ($p$ .139).

This unexpected result could be related to the business type the case company belong to. Furthermore, the adopted scales of measurement from qualitative study and existing literature

may create the unpredicted insignificant relationship between colour and corporate logo. For a more critical consideration of the emerging insignificant relationship, the literature and the qualitative data were revisited. The structural model evaluation supports the discriminant validity of the constructs, and confirmed the measures of the constructs are truly distinct. The estimated correlations of discriminant validity were statistically significant ($p < 0.05$) (Hair *et al.,* 2006) and the estimated correlations among factors were less than the recommended value of 0.92 (Kline, 2005) (see Table 6.25).

### 7.5.2. Corporate image: a consequence of the corporate logo

The literature recommends that a corporate logo can lead to several outcomes. The findings reveal the importance of company's corporate logo in enhancing corporate image (Brown and Dacin, 1997; Karaosmanoglu *et al.* (2011) and corporate reputation (Chun, 2005). The findings are consistent with prior studies (Balmer, 2005; Ewing, 2006; Henderson and Cote, 1998; Melewar and Saunders, 1998; Van den Bosch *et al.,* 2005; Van Riel *et al.,* 2001) to confirm the existence of a positive relationship between corporate logo and corporate image and corporate reputation. Consistent with prior studies, this research also found a corporate logo can evoke an emotional response in the mind of consumers as well as transfer positive feeling towards the company. It is confirmed the positive relationship between the corporate logo and corporate image. This finding is consistent with the study, which conducted by literature (Henderson and Code, 1998).

The statistical support of H5 (The more favourable the corporate logo of an organisation is perceived by the consumers, the more favourable the image consumers have towards the company) are illustrated in conjunction with the support from literature review and the information obtained from focus groups and interviews, in order to provide insight details of the direct and indirect relationship between corporate logo and company's evaluation. For instance, according to a design consultant:

"It is possible to be profitable and responsible and it is important to build an image around that value, I think, logo can convey image if you get it right. Such as BP, rather traditional oil petroleum company to new big sign caring image, would people buy that changes image through logo, very body said it was a graphic artwork but maybe the consumer are not ready to believe that the organisation suddenly become responsible and sustainable and ready for new world, there is a big step change. For sure any logo is going to say powerfully what they want that consumer believe in terms of image and reputation." (HO)

Furthermore, a communication expert stated that:

"To effect an image change, demands that first the identity be changed, to change the identity, first need to change logo". (DA)

The statements above are in line with the following focus group participants' comments:

"… a logo has an influence and affect on company's reputation and image not in early on when is designed. But overtime, so there are many things also may effect. Logo has a role always. Particularly people who see the organisation for the first time, I think time is very important and exposure is very important component here. The more people know about the company, they less see logo. Many things affect the reputation of the company as far as expose to them." (FG2)

"… there is more direct relationship between corporate logo and corporate image than between corporate logo and corporate reputation. Corporate logo is a fully mediate the relationship between corporate logo and reputation. When you see logo you perceived the image first and then remind you of the reputation because image is short term, reputation is built up, takes time to build up and takes time to fade up, image is more direct." (FG3)

The statistical support of hypothesis 5 confirms the benefits of the corporate logo. The path from corporate logo to corporate image was significant ($\gamma$=0.574, $t$-value=5.678). In addition, strong evidence in qualitative study and literature are present (Henderson and Cote, 1998;

William and Moffitt, 1997) supporting the relationship between corporate logo (CL) and corporate image (CI).

### 7.5.3. The relationships between corporate logo, corporate image, and corporate reputation

With regard to hypothesis 6 (the more favourable the attitude that consumers have towards a company's corporate image, the more favourable the reputation consumers have towards the company), corporate image has been purported to influence corporate reputation (Balmer, 1997, 1998, 2001; DeChernatony, 1999; 2001; Fombrun, 1996; Fombrun and Shanley, 1990; Gray and Balmer, 1998) (Chapter II, Section 2.6). In the marketing literature, corporate reputation is widely acknowledged to be of the utmost significance (Chun, 2005). However, it is difficult to define and explained (Shultz *et al.,* 2002). According to Groenland (2002) business executive cannot provide a clear definition of corporate reputation construct. Corporate reputation and corporate image have used interchangeably (Bick *et al.,* 2003; Simoes *et al.,* 2005), however, this study confirmed these constructs as two separate constructs. Corporate image is the immediate mental picture an individual holds of the organisation. It can materially affect individuals' sense of association with an organisation and is likely to have an impact on behaviour (Balmer *et al.,* 2011; Belt and Paolillo, 1982; Karaosmanoglu *et al.,* 2011; Keller, 1993). However, corporate reputation endowed with a judgment and is the overall evaluation (Gotsi and Wilson, 2001; Herbig and Milewicz, 1994). The corporate reputation is the stakeholders' overall evaluation of a company. Over time it can be assumed that an individual stockholder's emotional association with an organisation has an impact on the image he/she forms of that organisation (Dowling, 1993; Gotsi and Wilson, 2001; Ind, 1997; Kennedy, 1977).

Regarding to the measurement items (see Table 4.13), it is important to consider the overall scale of corporate reputation rather than the individual dimensions of corporate reputation which help the researcher to understand how company stands on the different dimensions of reputation and how to improve the company's reputation (Fombrun *et al.,* 2000). The results support the studies by authors (Chun, 2005; Helm, 2007; Fombrun *et al.,* 2000) which corporate reputation is a multidimensional construct. The present research extended the existing literature by providing a greater understanding of the dimensionality and customer outcomes of corporate reputation. This study confirmed that corporate reputation is a socially constructed and

subjected to the evaluations by external audience (Fombrun and Shanley, 1990) and has referred to the favourability of a company. The main streams of corporate reputation are related to the social expectation and people expectation from the company. For instance, the item CR_1: 'I have a good feeling about the company', the item CR_2: 'I admire and respect the company', and the item CR_3: 'I trust the company' are related to the consumers' emotional appeal (Fombrun *et al.,* 2000).

In this study, the direct effect of corporate image and corporate reputation was statistically significant in hypothesised direction ($\gamma$=0.283, *t*-value=5.190). In addition to statistical results, the participants gave their opinions about the impact of corporate image on corporate reputation as follows:

> "We [managers] try to create a short-term impression which is company's image and long term impression, corporate reputation of the organisation to the public and by improving our company's image, we automatically improving our reputation". (FG1)

The findings indicate that robust evidence in this respect and a definite positive relationship between the corporate logo, corporate image, and corporate reputation. It is well established and validated in numerous previous studies (Van Heerden and Puth, 1995; Van Riel *et al.,* 2001). A company's logo can also influence on company's reputation via achievement of consumers' evaluation (corporate image). Logo can affect the reputation of the company as far as expose to them. For instance, IBM logo or Coca Cola, which back to over 50 years, are the key relationship between companies and people and takes time to build up the company's reputation. For example, one participant stated that:

> "… logo is related to a company's image and reputation. A firm's reputation represents the way it manage its company and the way the company history is perceived in their customers while they exist in the market for some time" … "The first time I came to UK, everything was unfamiliar to me, however, I still remember the first window design. It attracted me and after couple years, still I go there to do my shopping, I believe the first perception is the last perception".  (FG2)

Dowling (2001) asserts that the corporate logo impacts on positive and desired attributes to evoke a more positive reputation. The findings indicate that robust evidence in this respect and

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a definite positive relationship between the corporate logo, corporate image, and corporate reputation. It is well established and validated in numerous previous studies (Van Heerden and Puth, 1995; Van Riel *et al.,* 2001).

According to figure 6.7, the indirect effect of corporate logo via corporate image is found to be strong. In other words, the result complements the relationship between corporate logo and corporate reputation is fully mediated by corporate image. The statistically supports of the related hypothesis suggest that a company improve their reputation by their symbolic values and enhancing their uniqueness through the visual identity. When the company's visibility is improved, the company has more influence on their public impression and became more prominent (Fombrun, 1996, p. 215-218).

The results in table 6.28 provide empirical evidence that relationship between corporate image and corporate reputation (hypothesis 6) was found to be significant in the hypothesised direction ($\gamma$=0.283, *t*-value=5.190). Consistent with prior studies (Chun, 2005; Helm, 2007; Fombrun *et al.,* 2000), this study also found that, the more favourable the attitude that consumers have towards a company's corporate image, the more favourable the reputation consumers have towards the company.

### 7.5.4. Attitude towards advertisements, familiarity, and recognisability: consequences of corporate logo

The findings answered the question as to what are the main influences of corporate logo favourability on corporate image and corporate reputation. Within the model proposed (Figure 3.1), it can be inferred that consumer's attitude towards the advertisements (CAD), familiarity (CPF), and recognisability (CPR) were mediator between corporate logo and corporate image. However, the findings of this study potentially highlighted, there is no mediation and indirect effect between the corporate logo and corporate image.

From the assessment, it has been found that a favourable corporate logo leads to consequences such as a favourable attitude towards the advertisement (Biel and Bridgwater, 1990), familiarity (Bhattacharya and Sen, 2003), and recognisability (Omar and Williams, 2006). The direct influences of corporate logo on a favourable attitude towards the advertisement, recognisability, and familiarity were examined.

From the results, it has been found that there are influences of favourable corporate logo on consumer's attitude towards the organisation's advertisements, familiarity, and recognisability. Table 6.4 presents the direct effects and shows that the impact of the corporate logo was also significant on the consumer's attitude towards the advertisements (CAD), familiarity (CPF), and recognisability (CPR). The present results of this study are confirmed by the previous researchers (Childers and Jass, 2002; McCarthy and Mothersbaugh, 2002; Van den Bosch *et al.*, 2005). A comment from a Communication and Design Manager emphasises the significance of corporate logo in enhancing the consumer's attitude towards the organisation's advertisements and added as "the whole advertisement is logo. Logo identifies the name of the advertiser and the content can communicate any of a million messages".

The hypotheses testing illustrated that there was, to some extent, the consumer's attitude towards the advertisements (CAD), familiarity (CPF), and recognisability (CPR) mediating between corporate logo and corporate image (which is in line with the qualitative study and theoretical expectation). The relationship between the consumer's attitude towards the organisation's advertisements, familiarity, and recognisability and corporate image variables were not statistically significant. According to the structural model evaluation, it can be inferred that corporate logo affect the consumer's attitude towards the organisation's advertisements, product and company familiarity, and product and company recognisability. However, recognisability (CPR), attitude towards the advertisements (CAD), and familiarity (CPF) cannot possibly play the role of mediator between the corporate logo and corporate image and did not have a significant impact on corporate image.

Furthermore, the relationship between the consumer's attitude towards the advertisements (CAD) and corporate image (CI), familiarity (CPF) and corporate image (CI), and recognisability (CPR) and corporate image (CI) were not significantly related, where the hypotheses H8 (CAD --> CI $\gamma$=-0.64), H10 (CPF --> CI $\gamma$=0.017), and H12 (CPR --> CI $\gamma$=0.003) were rejected as they were not significantly different from 0 at the 0.001 (Table 6.27). Therefore, the three hypotheses H8, H10, and H12 were regarded as redundant and those relationships were excluded from the model (see Figure 6.7). These assumptions were examined and reported in the previous chapter.

With regard to research hypothesis H8 (the more favourable the consumers' attitude towards a company's advertisements, the more favourable the image consumers have towards the

company), the examination found that there is insignificant relationship between the consumer's attitude towards the organisation's advertisements and corporate image. Lichtle's (2007) studied on the effects of advertisements' colour on attitudes towards advertisement shows that people who are in a good mood tend to have a positive attitude and a favourable attitude towards the advertisement which directly impacts on their perception. In addition, from the interview, respondents also described from their perspective in this regard:

"… the messages on advertisement help me remember, recognise the company as well as its product but these days, not many advertisement communicating to the audience effectively. As for the messages, I have seen many ads in tube, newspaper, street walls every day, but I never really pay attention to any of them …".

"We expose to different advertisement every day. Advertisement can form various feelings and judgments. It influences on our attitude toward the ad and our beliefs about the company's product or brand, which can be, influence our attitude toward the company's product or brand".

This means that consumer's attitude towards advertisements and recognisability to product/services and company may not make a big impact on consumers' perception. According to Baker and Balmer (1997) the contents are usually too detailed to be effective and remember easily. It is generally accepted companies not only use advertisement to persuade audience about their product and their companies' benefits, but also to reach large audience, and influence on consumers' taste and perception to create strong image. An effective advertisement is the advertisement, which assist advertiser to attain its goals (Doyle and Saunders, 1990) and influence on audience' attitude toward the advertisement. Companies use their logo as an essential element to communicate behalf of the company can and influence liking or persuade audiences. According to Levy (1966) if you do not communicate in an appropriate language, you are speaking in terms no one can understand. The irony of the above statement is considerable, since to create a favourable corporate image, companies should not rely solely on the attitude towards the organisation's advertisement.

With regard to Hypothesis 10 (the more the consumers are familiar with the company or product, the more favourable the image consumers have towards the company), the direct impact of the consumers' familiarity with the company or product and the corporate image was

examined. In line with Samiee (1994), familiarity with company and product affects evaluations, but does not necessarily influence perceptions of product. Therefore, familiarity with company and product are hard to influence on consumers' perception. As a result, it can be a challenge for companies to increase their consumers' familiarity with the company and its services. During the interview, a design consultant also said that:

> "Familiarity can be assured by consistency and logo as a visual cues require supporting each other. Familiarity with product and services is a significant response to strive for since familiarity breeds favourability towards company and product".

The above comments illustrated that there is not association between familiarity with company and product on corporate image constructs.

With regard to research hypothesis 12 (the more the consumers recognised the company or the product, the more favourable the image consumers have towards the company), the quantitative results found that there is no relationship between the recognisability and corporate image. This view is illustrated by the following statement from a manager:

> "Imagine a logo as a human, he has his own name, own characteristics, personality, face shape, tall or short, a complete package of contributing elements to communicate who we are. The design of our package impacts on people differently and influences on their opinion … is the chance to make sure that the thought made is a decent and positively recognisable, but not always influence on my perception about them … In business, we should think we never get a second chance to make a first impression. Our previous company's logo was quite old and we found we need to redesign it to show the changes happened in our company. We assume it is more recognisable but still not sure how the customers perceive it. Their perceptions can have a powerful influence on company's reputation and success".

Henderson and Cote (1998) asset that a well-designed logo influence on company and product recognisability in two levels. First, customer remember seen the logo (correct recognition). Second, logos must remind consumers of the company or product (recall). The hypothesis testing confirmed that there was a relationship between corporate logo and recognisability. The examination illustrated that there was, to some extent, a relationship between recognisability

and corporate image (which is in line with the theoretical expectation and the positive comments). However, the structural model evaluation, the influence of recognisability on corporate image was not statistically supported.

Moreover, apart from the above discussion, the items measurement which adopted from qualitative study and existing literature might be a factor that create the unexpected insignificant relationship between the consumer's attitude towards the advertisements, familiarity, and recognisability and corporate image. It should note that the results could be contingent on the business type (HSBC Plc.). For a more critical consideration of the emerging insignificant relationship between the consumer's attitude towards the organisation's advertisements, familiarity, and recognisability and corporate image, not only the literature but also the qualitative data were revisited. In addition to consider the possible influence of the measurement items on the unexpected results, the literature, and the adopted research instrument were revisited.

The measurement items developed to measure the consumer's attitude towards the organisation's advertisements, familiarity, and recognisability construct had broad meaning. It could be the reason vagueness in understanding while respondents (academia) filled out the questionnaire. Nevertheless, the structural model evaluation supports the discriminant validity of the constructs, and shows the uniqueness among the measures of the constructs should be adequate. The estimated correlations of discriminant validity were statistically significant ($p < 0.05$) and diverge from other operationalisations whereby the construct is truly separate from other constructs (Hair *et al.,* 2006; Peter and Churchill, 1986; Steenkamp and Van Trijp, 1991). Furthermore, there was no cross-loading among CRP, CAD, and CPF measured variables (see Table 6.25).

The findings re-emphasis the importance of the consumer's attitude towards the organisation's advertisements, product and company familiarity, and product and company recognisability, corporate image, and corporate reputation as a consequence of the corporate logo (Chadwick and Walters, 2009; Melewar and Saunders, 1998) (Figure 6.7, the final model).

## 7.6. SUMMARY

Chapter VII has explored and discussed the research findings in relation to theoretical expectations. Data from the survey was considered in relation to the existing literature and follow-up interviews and focus groups. Insights from the qualitative study provided a deeper understanding of the phenomenon under study. The structural equation modelling application demonstrated that almost all of the proposed relationships between the constructs were defined and were statistically significant. However, the results indicated that a sub-element of the corporate logo (i.e. colour) may be removed from the proposed model as it was not statistically significant.

The outcomes indicate that the corporate logo directly affects the corporate image. The empirical results revealed that the relationship between corporate logo and attititude towards the advertisement, familiarity, and recognisability were fullty supported and they are concequences of corporate logo. However, the mediation effect of attititude towards the advertisement, familiarity, and recognisability on the relationship between corporate logo and corporate image were not found significant. Finally, the argument that the link between the corporate logo and the corporate reputation exists via the corporate image was also confirmed.

The next chapter presents the study's conclusions, theoretical and managerial implications. The research limitations and suggestions for future research will be noted.

# CHAPTER VIII: CONCLUSION AND IMPLICATIONS

## 8.1. INTRODUCTION

This research has examined the relationship between the corporate logo, corporate image and corporate reputation in a financial context from the consumers' perspective. It is hoped that this fill a research gap mainly by providing alternative insights into the factors which influence the corporate logo (antecedents) and its main consequences (attitudes towards advertisements, familiarity and recognisability). This research used a mixed-methods approach, involving quantitative study (a questionnaire) and a less dominant qualitative study (interviews and a focus group) to develop scales of measurement and examine the research hypotheses.

According to the discussion chapter, the findings of this research hold a number of implications and have a value for managers who want to create a favourable corporate logo which will enhance the corporate image and corporate reputation. The findings also identify three main factors influencing the favourability of the corporate logo, i.e. typeface, design and corporate name. In addition, the corporate logo is found to be positively associated with the corporate image, the attitude towards the advertisement and familiarity and recognisability. Furthermore, the corporate image is positively associated with corporate reputation.

A key contribution of this study is its presentation of a robust model which describes the phenomenon of the corporate logo. Representing this perception has a definite positive impact on the corporate image and corporate reputation. Furthermore, this research adds a novel perspective to the growing body of literature on design and identity (chiefly corporate visual identity). The discussion on the results of the qualitative and quantitative study indicate possible directions for future study and the limitations of this study are noted. This study supplies managerial implications for managers who wish to identify and adopt a favourable corporate logo. It is hoped that future research will build on these results, so that further avenues can be explored. Accordingly, this chapter discusses the research contributions (theoretical, methodological and managerial) in more detail. First, the implications of the research findings are outlined in Section 8.2. Next, the limitations of the study, with

recommendations and implications for the future research avenues arising from the current study are presented in Section 8.3. Finally, some conclusions are drawn in Section 8.4).


## 8.2. IMPLICATIONS OF THE RESEARCH FINDINGS

This study claims to make important contributions to knowledge. Its major contribution is based on the gaps found in the literature, i.e. 'what are the factors that influence the favourability of the corporate logo?' and 'what are the main influences of this favourability on the corporate image and corporate reputation?' The literature gaps are summarised as follows: first, there is a lack of empirical research into definitions of the corporate logo. Second, there is too slight a recognition of the relationship between the corporate logo, its dimensions, antecedents and consequences (Van Riel *et al.,* 2001). Third, the marketing literature has no systematic study of the effect of a compound logo on consumer evaluations of logos (Henderson and Cote, 1998; Pittard *et al.,* 2007; Van der Lans *et al.,* 2009). Fourth, there is a lack of explanatory models and theory building studies in the area of the corporate logo. Fifth, the assumption of Van Riel *et al.* (2001) that the corporate logo influences corporate image and corporate reputation has not so far been tested and validated. This study has constructed to fill the above research gaps.

In the introduction to this research, a distinction was made between different approaches (graphic design, integrated-communication, organisational studies, marketing and multi-disciplinary) (see Chapter 2, Section 2.2). The management of an organisation's corporate logo is of strategic importance and requires a multi-disciplinary approach, which was taken by this study. A corporate logo stands in a complex relation to a company's practices because it is used as a tangible cue to link the internal and external organisation together. Furthermore it is a main carrier whereby the identity of an organisation can be visualised and its image and reputation supported.

This research contributes to the current belief among scholars (Balmer, 1997; Van den Bosch *et al.,* 2005) that 'anything a company does, expresses its characteristics'. This study examined consumers' perception-based attributes to the corporate logo and its elements, as well as its outcomes. The qualitative evidence of research discussions showed that there is a relationship between a corporate logo and the characteristics of its parent company. Consumers pick out

the company's products and services among competing firms by its logo. The corporate logo is thus the signature of the company and is formed of a certain typeface, corporate name and design. A well-designed corporate logo should communicate the main company characteristics. A corporate logo can change people's view of a company, which strengthens and consolidates the consumers' perception (Van den Bosch *et al.*, 2006). Since no study has examined the corporate logo in terms of its relationship to corporate image and corporate reputation, as this study has done, no direct comparison with previous studies can be made.

The current study complements the opinion of scholars (Bhattacharya and Sen, 2003; Gray and Smeltzer, 1987; Van Rekom, 1997; Van Riel and Balmer, 1997) that consumers' attributions regarding (the corporate logo as the root of) corporate identity may lead to such attitudinal and judgmental outcomes as consumers' perceptions of the corporate image (Keller, 2001). By taking a holistic approach, this research is also able to contribute by its results to marketing theory. Corporate logos have drawn the attention of marketing authors (Balmer, 1995; Henderson and Cote, 1998; Van Riel *et al.*, 2001). The contribution of this study is to grasp a broader view of corporate identity, as well as marketing, by investigating whether the incorporation of a particular corporate logo influences the image and reputation of an organisation in the eyes of consumers. So far, this is one of the first studies to empirically validate the assumption made by researchers (Henderson and Cote, 1998; Pittard *et al.,* 2007; Van der Lans *et al.,* 2009; Van Riel *et al.,* 2001) that the corporate logo has an impact on corporate image and corporate reputation in the UK context. This should result in insights which could make a significant contribution to extant knowledge and help to validate and refine the results in the literature in this field.

The research contribution is the most significant element of a doctoral dissertation, which is concerned with aligning the significance of the research to the development of the discipline being studied. The contribution of the study which extends the boundaries of knowledge is presented in this section, starting with the theoretical inference and proceeding to the methodological contributions. Next comes a number of the contributions presented for the use of managers.

**8.2.1. Theoretical contribution of the study**

Based on the research objectives of this research (see Chapter I, Section 1.5), two overall research questions were posed: 'what are the factors which influence the favourability of the corporate logo?' and 'what are the main influences of this favourability on favourable corporate image and favourable corporate reputation?'. To address these questions, four research objectives were developed: i) to explore the concept of the corporate logo and its dimensions; ii) to identify the factors most likely to have a significant influence on a favourable corporate logo (its antecedents); iii) to develop and empirically assesses a conceptual framework for the relationships between a favourable corporate logo, its antecedents and its consequences; and iv) to investigate the impact of the favourable corporate logo on favourable corporate image and favourable corporate reputation (its consequences).

This thesis offers a threefold theoretical contribution to the literature as a) an extension of the theory, b) in conceptualisation and measurement and c) in theory testing and generalisation.

### 8.2.1.1. Extending the theory

This study contributes to the marketing literature and other fields by examining the established hypotheses and providing new theoretical findings. The first and clearest contribution of the current study is to extend knowledge by examining within a financial setting the compound effect of logos on consumer evaluations of them (Henderson and Cote, 1998; Pittard *et al.,* 2007; Van der Lans *et al.,* 2009). Several researchers (Balmer and Gray, 2000; Van den Bosch *et al.,* 2005; Dowling, 1994; Fombrun and Van Riel, 2004; Olins, 1989; Van der Lans *et al.*, 2009) have suggested that corporate logos are related to corporate image but they have rarely examined this relationship. During the course of the present study, several authors (Clow and Baack, 2010; Muller *et al.*, 2011, Van der Lans *et al.,* 2009) investigated logos but not in relation to the corporate image. However, the current research provides a validated framework which traces the relationship between the construct of a corporate logo, the factors which influence the favourablity of this logo (its antecedents) and its consequences. Furthermore it attempts to address the research gaps and respond to previous calls for investigations from the perspective of marketers (Henderson and Cote, 1998; Pittard *et al.,* 2007; Van den Bosch *et al.,* 2005; Van der Lans *et al.,* 2009).

The development of a multi-disciplinary paradigm (see Section 2.2.5) for the corporate logo is

a major contribution of the present research. The main challenge is to develop multi-disciplinary insights into relationships, which can translated into findings with operational relevance to the study (Palmer and Bejou, 2006). This research is one of the first empirical studies via a synthesis of the corporate logo, corporate image, corporate reputation, corporate identity, design and the literature on corporate visual identity to describe the corporate logo in a more holistic manner. At the same time, this study contributes to the literature on logos, corporate visual identity, corporate identity and design by developing and testing the research model.

This study has sought to redefine and regenerate current study in the area of the corporate logo. The research contributes to the literature on corporate visual identity by developing and examining a scale which specifies corporate logo in terms of its sphere of influence. While the logo has been widely discussed in the literature, no systematic attempt has been made to investigate such characteristics as might account for the total variation in results across all available studies (Henderson and Cote, 1998; Pittard *et al.,* 2007; Van der Lans *et al.,* 2009; Van Riel *et al.,* 2001). From an academic perspective, the findings of this study employ a more inclusive and methodical approach than any hitherto.

In the proposed research framework, the main factors influencing corporate logo formation (design, typeface and corporate name) are identified, as are the main consequences (corporate image, corporate reputation, attitude towards the advertisement, familiarity and recognisability) of a given corporate logo in the eyes of consumers. The corporate logo is a way of communicating to consumers, independently of verbal information (Van der Lans *et al.*, 2009). Based on the research finding, the main elements influencing the corporate logo are 1) typeface, 2) design and 3) corporate name. However, colour appears to be irrelevant in the consumer context (see Section 6.2). This surprising finding was supported by some authors (Bellizzi and Hite, 1992; Bottomley and Doyle, 2006) who demonstrated that colour could elicit different responses from people. The present study extends past studies by investigating from the consumers' perspective the relationship between corporate logo and its antecedents and consequences. Therefore, the findings of the present study promise benefits in the financial context. Furthermore, these results call for great caution when invoking the corporate logo framework and applying in another context any theories developed in a financial context .

Another set of gaps in the literature on the corporate logo concerned the lack of explanatory models, of conceptualisations offering a common terminology and of structural managerial approaches. This study attempts to theorise and provide a shared mindset in the existing body of knowledge. It also provides a preliminary attempt to develop a comprehensive understanding of favourable corporate logos and its relation to corporate image and corporate reputation. This research presents a validated model by which to manage the corporate logo in order to enhance its image among key audiences. Furthermore, in an attempt to address this gap, this study recognises the main factors influencing the corporate logo. The framework developed for evaluating and assessing the corporate logo is a novel aspect of this research. Given these challenges, conceptual framework of the research was developed in Chapter III and tested in Chapter VI.

### 8.2.1.2. Conceptualisation and measurement level

Having established the significance of the corporate logo, the question arises of its importance. Why, in fact, is the corporate logo important? What are the factors which influence it? Does it have any influence on key business areas? These questions lead to the research questions (see 8.2.1). To address the research questions, the research's conceptual framework was developed and empirically confirmed (see Chapters III and VI). The conceptual framework of the research (see Figure 6.7, final model) extends new knowledge to the literature by examining the relationship between the constructs of the corporate logo, corporate image and corporate reputation. The framework developed to evaluate and assess the corporate logo is a novel contribution to this research.

Based on the research objectives (see 8.2.1), the present study first focuses on the corporate logo. Then, it introduces and operationalises the concept of the corporate logo, its antecedents and consequences in the eyes of consumers. A corporate logo and its related scale of measurement, therefore, assesses how active an organisation is in managing the company's corporate logo.

The review of the related literature (Henderson and Cote, 1998; Pittard *et al.,* 2007; Van der Lans *et al.,* 2009) suggests that there are no theoretical models describing the adoption and evaluation of a favourable corporate logo. This is attributed to the fact that the corporate logo

is a complex research area with various issues which need more in-depth investigation. Accordingly, the conceptual framework and the hypotheses for evaluating and assessing the corporate logo were investigated by quantitative means. With its empirical analysis, the findings of this research demonstrate that the corporate logo components fit the data fairly well, indicating that the measurements were psychometrically sound and appropriate for representing the concepts. This study contributes to the literature by examining the corporate logo and the measurement scales of the constructs. In addition, this study contributes to the literature by providing reliable and validated scales for measuring the corporate logo and the related constructs which could be used for further research. Furthermore, by combining existing and new items to measure the research constructs and then examining the scales in confirmatory [is this the right word?] factor analysis (EFA), Cronbach alpha, and confirmatory factor analysis (CFA), this study provides an important contribution in its measurement model.

The findings of the research suggest that the corporate logo is recognised as an important element of corporate visual identity. Support is extended here for the theory regarding the antecedents and consequences of the corporate logo. The model well explains the research constructs and indicates that the concept can be profitably employed in other research contexts. In addition, the study model should help service researchers to investigate in the field.

This thesis provides evidence in the ongoing debate over the measurement of the variables and conceptual definition of the corporate logo. Although previous researchers (Balmer and Gray, 2000; Van den Bosch *et al.,* 2005; Dowling, 1994; Fombrun and Van Riel, 2004; Olins, 1989; Van der Lans *et al.*, 2009; etc.) had demonstrated the importance of the corporate logo and its relation to the corporate image, a single construct definition dominates the field. This research contributes an integrated and detailed perspective conceptualised to advance our knowledge of the multidimensionality of a favourable corporate logo in the context of a financial setting in the UK; it confirms the appropriateness of employing the main antecedents and the consequences for modelling the construct of the research subject. Despite its limitations, this study provides some significant results concerning the construct dimensions of the corporate logo. The findings suggest that this corporate logo is certainly a multidimensional construct.

The theoretical contribution of this research lies in establishing the conceptualisation of the concept of corporate logo, its antecedents and consequences. This thesis contributes to the existing knowledge at the conceptualisation level by investigating the corporate logo from the

consumers' perspective to gain a deeper understanding of the role played by the corporate logo in building the corporate image and corporate reputation. This study, thus, reveals the concept of the corporate logo and the association between the relevant variables. The research presents the conceptualisation of the 'corporate logo' from the consumer angle as an entity with three components: corporate name, design and typeface. The findings of this research will help managers to ensure that they generate a reliable logo with which to communicate in the market in order to strengthen the corporate image and corporate reputation (see in detail in Section 8.2.3).

Estimating the structural model established the relative weighting of the antecedent factors influencing a favourable corporate logo. The corporate name had the greatest influence on the corporate logo (the more favourably the corporate name is perceived by consumers, the more favourable is their attitude towards the corporate logo), followed by design and typeface. The finding has important implications for decision-makers and managers who are interested in developing or modifying a favourable corporate logo for the sake of a favourable corporate image and corporate reputation.

Additionally, this study is the first to conceptualise and operationalise the concepts of the favourable corporate logo and its influences corporate image and corporate reputation in a financial context. This research marks an attempt to construct a new premise which has essential implications for managers. The theoretical contribution of this study implies that the generalisability of the results should be adequate.

This research, finally, helps to evaluate the direct relationship between the favourable corporate logo and the consequences (corporate image, familiarity, recognisability and attitude towards advertisement) as variables within the model. Thus, this research by filling the research gap makes a further contribution.

### 8.2.1.3. Theory testing and generalisation

As stated above, this research seeks to explain in a more holistic manner the relationship between corporate logo, corporate image and corporate reputation in the eyes of consumers within the financial context. By investigating the proposed model of the relationship between the corporate logo and its antecedents (typeface, corporate name and design) and the main

consequences (attitude towards advertisements, familiarity and recognisability) in the context of the UK, the current study is expected to provide additional insights into the previous literature as well as contributing to theory testing and generalisation. Although UK consumers may have distinctive characteristics which impact on the results of this study, the results can be generalised across the banking sector (Aaker, 1997).

The current research ensured that the available measurements of the construct under examination were identified, adopted and/or refined. This study complements the views of scholars (Henderson and Cote, 1998; Van Riel *et al.,* 2001) who claim that (1) there is a lack of research on the compounds of the corporate logo; (2) there is a relationship between the corporate logo and corporate image and corporate reputation. In addition, to better understand the concept of corporate logo and its constructs (Arbuckle and Wothke, 1999; Muller *et al.,* 2011; Van den Bosch *et al.,* 2006; Walsh *et al.,* 2009), some new items were adopted from the qualitative study (interviews and focus groups). Although the number of measurement items was not the same as in the original, the statistical findings showed a high degree of reliability and validity for each construct. Thus, the results of the current study can be generalised to a population (Aaker, 1997; Churchill, 1991).

Furthermore, this study contributes to the literature by testing and modifying the corporate logo and the construct measurement scales in the study setting.

In summary, this study is the first to conceptualise and operationalise the concepts of the favourable corporate logo and its influences corporate image and corporate reputation in a financial context. This research marks an attempt to construct a new premise which would have essential implications for managers. The theoretical contribution of this study implies that the generalisability of the results should be adequate.

### 8.2.2. Methodological contribution of the study

In terms of methodology, this study makes an important methodological value-added contribution to knowledge. The lack of understanding of the 'corporate logo' has made researchers think about multi method (pluralistic) research in which qualitative methods are employed in conjunction with quantitative methods. In order to examine a domain which is unknown or has received relatively little attention to date, the pluralistic research approach is

recommended (Deshpande, 1983; Zinkhan and Hirschheim, 1992). This study combines the findings from empirical research on marketing, corporate identity, corporate visual identity and design in an inclusive and systematic approach.

This research employs the mixed-method approach which involves quantitative study (a self-administered questionnaire) and a less dominant qualitative study (interviews and focus groups) to develop scales of measurement and examine the research hypotheses (see Chapter IV). Qualitative study was used as an appropriate method to deepen understanding of the concept of corporate logo, uncover the dimensions of the corporate logo and refine the research framework, which has not previously been examined. Some recent studies have investigated logos (Clow and Baack, 2010; Muller *et al.*, 2011, Van der Lans *et al.*, 2009) but were not conducted in relation to the corporate image. This study, therefore, sets a new benchmark for further study in this field.

Another major contribution of this research stems from its use of structural equation modelling (SEM) as a sophisticated data analysis technique to examine the developed conceptual framework. The conceptual framework describes the individual determinants and consequences of corporate logo in the eyes of consumers, which indicate that the individual concept may be effectively used in marketing research. It allows the simultaneous modelling of multiple layers and also answers the set of interconnected research questions in a single accurate model in a systematic manner (Chin, 1998). SEM used Analysis of Moment Structure (AMOS) 16.0 to get insight into the various influences and associations between the corporate logo and the related constructs (Arbuckle and Wothke, 1999; Muller *et al.,* 2011; Van den Bosch *et al.,* 2006; Walsh *et al.,* 2009). Thus, the present study makes a considerable contribution on the methodological level.

A two-step approach was used initially as a measurement model to assess by observing the unidimensionality, reliability and validity (convergent and discriminant) of the research model. This approach shows the research in a very thorough manner which describes each step of the study analysis and can be employed as a guideline for future studies. The present research makes a significant methodological contribution by using SEM in marketing research; this made possible a strong contribution on the level of measurement. In order to eliminate the potential bias in terms of the validity and generalisability of the scales, a convenience sample was employed (Churchill, 1999; Van Riel *et al.,* 1998). Each step of the data analysis can be

employed as a guideline in future study. For example, this research investigated reliability (item and construct reliability) and validity (convergent, discriminant, nomological validity). Furthermore, the explanatory power of model (R2), path significance (β value) and goodness of fit indices (GoF) were tested in structural equation modelling. To sum up, the use of AMOS has bought an important contribution at both measurement model and structural levels.

The multi-disciplinary approach was adopted in two phases: first, a qualitative study and second, a self-administered questionnaire. This ensured more comprehensive procedures for data collection. Then structural equation modeling was performed as a sophisticated data analysis technique.

### 8.2.3. Managerial contribution of the study

On the basis of the theoretical contribution discussed in the previous section, the theoretical and empirical insights derived from the study have several implications. This research offers managerial contributions for decision-makers and graphic designers who wish to understand the whole situation of the relationship between a favourable corporate logo and the factors in its antecedents (i.e. corporate name, typeface, design) from the consumer's perspective and its effect on a favourable corporate image and favourable corporate reputation. The finding of the current research has vital managerial implications by presenting an inclusive picture of the whole situation in which a favourable corporate logo could be constructed within a company to achieve a favourable image of the organisation in the consumer's mind. In other words, a clear understating of the dimensions of the relevant concepts can assist managers and designers to devise a favourable corporate logo which will create a favourable corporate image and corporate reputation.

Another conclusion can be drawn from this research with regard to the differences between designers and managers' mindsets (Walker, 1990). Walker (1990) states that designers and managers belong to "two different tribes" and are characterised by different backgrounds and types of education with different outlooks (p. 146). For instance, managers are more inclined to emphasise words while designers emphasise visuals. Designers are more inclined to experiment whereas managers tend more to think in economic and financial terms. The incorporation of designers' and managers' skills and attitudes holds great potential for an organisation. This study provides managers with insights into the implications of the corporate

logo. Managers and designers need to communicate in a common language from a similar standpoint (Henderson *et al.,* 2003; Kohli *et al.,* 2002). In the organisations, the design manager and an organisational manager (e.g. CEO and marketing manager) are responsible for facilitating communication and the flow of information between managers and designers. Furthermore, they both need to support the designers' ideas as well as encouraging the competitive strategies and full incorporation of the design philosophy in the organisation. Management needs to understand the process of design so as to communicate with designers by using a common language with a similar point of view (Henderson *et al.,* 2003; Kohli *et al.,* 2002). The findings of this study will, it is hoped, help managers and design managers to collaborate with designers in a mutual understanding of the concept to enrich the market.

By understanding the market needs, as well as the company's strength and weaknesses, managers will be able to make the right decision in selecting a corporate logo favourable for targeting and responding to market needs. In practice, different managers set out to create a sense of share vision by reducing dysfunctional conflict and promoting a sense of shared values and communication. Furthermore, managers should be more responsive to the company's corporate logo by taking into account that responsiveness was found to have the greatest influence on the company's outcomes. Importantly, this study helps consultants and managers to understand whether the company's corporate logo communicates a reliable message and the personality of the company to the target audience.

As discussed earlier, the corporate logo as a main element of corporate visual identity (Balmer, 2001; Bromley, 2001; Hatch and Schultz, 1997; Van Riel *et al.,* 2001) evokes an emotional response in the minds of consumers (Balmer and Gray, 2000; Henderson and Cote, 1998; Olins, 1978, 1989; Van den Bosch *et al.,* 2005; Van Riel, 1995). Thus, it is fruitful for a company's designers and managers to note the importance of the emotional aspect of the corporate logo as a key element of corporate identity rather than simply focusing on what is fashionable and modern.

The creation of a favourable corporate logo is very costly and challenging for an organisation (Henderson and Cote, 1998) and managers make every effort to create one which is favourable, reliably communicating the corporate identity to the market (Gray and Balmer, 1998; Hatch and Schultz, 2001; Van den Bosch *et al.,* 2005; Van Riel *et al.,* 2001). Thus, the findings of

this study are of the utmost importance to decision-makers; they play a significant role in the development of an organisation through physical artefacts.

By demonstrating the critical constituents of a favourable corporate logo (design, corporate name and typeface), this research will assist different types of company manager to understand the significant role of the corporate logo. The research provides a valuable guideline for logo designers, managers and marketers who should be cautious in identifying what constitutes the corporate in regard to different stakeholders. Furthermore, this study recommends that designers, by using the research guideline, should put themselves in the position of the organisation when they generate or modify a favourable brand and corporate logo. Decision-makers should apply the corporate logo guidelines and have the greatest influence on its construction. In addition, the company's managers should have a clear overview of management practices and the consistency of their company's corporate logo.

By bridging the gap between academic and professionals, managing a favourable corporate logo can be seen as an integrated approach to expressing the company's communication skills internally and externally. By establishing that the corporate logo is a main tangible asset in the expression of the company and is used as the 'glue' in communication (Van den Bosch *et al.,* 2006), which influences a favourable company image and reputation, this research aims to be helpful to managers and communication professionals alike.

Regarding the development of the measurement scale, this study confirms that the measurement scales support the corporate logo as an effective tool for achieving the goals of organisations and argues that it should play an even more significant role for marketing managers. This study presents a comprehensive understanding of the concept of the 'corporate logo', the main factor influencing the corporate image and resulting in a corporate reputation. The corporate logo scales emphasise that the corporate logo is a visual stimulus and is used to improve the perception of quality  which should be related to the determination of value and the meaning of the organisation so as to create a favourable corporate image. The organisation could adapt the scales of the corporate logo and the related constructs employed in this research, as an essential checklist and guideline to examine the degree of a company's activity. In addition, companies' managers should not be discouraged by their position and should be supported in competing on an international scale when they emphasise their company's corporate logo as a key element of corporate identity. The scales could also be used by the

organisation to evaluate and monitor the perception on the part of the company's consumers.

This study's findings suggest that, to achieve a competitive advantage, corporations should have a clear understanding of favourable corporate logos, which is influenced by three main factors, namely, corporate name, design and typeface. The empirical results of this study recognise the relative weighting of the antecedent constructs affecting the corporate logo. The construct of the corporate name had the greatest influence, followed by design and then typeface. Accordingly, this research has significant implications for managers and graphic designers when creating or modifying a favourable corporate logo.

A company's corporate name is an intangible asset. In this study, a company's corporate name is established as one of the critical factors which influences the favourability of the corporate logo. As mentioned in the literature (see Section 2.4.4), in providing a favourable corporate logo, managers play a significant role in the development of the organisation, with physical artefacts increasingly becoming part of the vocabulary of management thinking at a visible level of the organisation (Abratt, 1989). Communication managers revealed that, in their advertising, they highlight the name of their company behind the logo to assure readers of the quality of the company and its products. The outcome of the present study suggests that managers should be cautious about orchestrating a favourable corporate name to evoke attention and evoke the desired responses, as well as increasing recognition speed.

Design is the other factor that influences the favourable corporate logo. This should result in insights, which could make a major contribution to the marketing managers and designers in their effort to understand those who are influenced by the design (Van der Lans *et al.,* 2009). Logo design is becoming increasingly significant as a means of differentiation because today's customers have changed and become market savvy. In today's mass-market economy, success is reserved for organisations which can differentiate themselves from their competitors (Van Riel *et al.,* 2001). Drawing on the literature (Seaman *et al.,* 1983; Lewicki, 1986; Veryzer, 1999), corporate logo design is related to various aspects of non-conscious processing, including the formation of an individual's sensitivity to stimuli which affects consumer perception. Design characteristics affect the reactions to logos and are a way of communicating with stakeholders. The findings of this study suggest that managers and designers should understand the significant influence of design on consumer responses to the corporate logo.

The resulting significant relationship between a favourable corporate logo and its typeface suggests that management should emphasise the value of the typeface expressed through the corporate logo. Using a typeface is highly significant to logo design because the typeface chosen lends qualities of representation to the abstract shapes which form words and letters (Schmitt and Simonson, 1997). Managers should select typefaces which support strategically valued impressions so as to improve memorability and readability. Therefore, the findings of this study offer practical scales and guidelines for selecting and modifying a company's typeface, which helps to communicate the company's goals and evokes the desired responses.

Admittedly, three variables are investigated in this research, namely, the attitude towards advertising, familiarity and recognisability. This study has shown that there is a direct relationship between the constructs. However, they are less useful in relation to corporate image. It can be argued that there is in fact a mismatch between the company's corporate identity and corporate image. In this respect, advertising and marketing managers should concentrate on consistency in corporate communications, in order to learn which beliefs, attitudes, impressions and associations held by consumers can be matched to corporate identity. Furthermore, managers should place more emphasis on the corporate logo as the signature of a company and less on the content to be placed in adverts. These three variables (the attitude towards the advertisement, familiarity and recognisability) are likely to play an important role in encouraging consumers' perception.

This research found that a favourable corporate logo influences the attitude towards a given advertisement for the company. This finding suggests that managers should place more emphasis on the corporate logo as the signature of a company rather than on the content of any advertisement. In addition, adequate investment in promotion efforts will influence the company's assets, which are required as another means to improve the consumers' attitude towards the company's advertising. For instance, the attitude towards a company's advertising offers symbolic representations of the company and its products/services. It is also often used to highlight information and attract more attention from audiences. In addition, a corporate logo as a company's signature can be used as a form of identification in advertising. In this respect, the lesson for advertising and marketing managers is that, in order to survive, they need to concentrate on consistency in their use of the company's corporate logo and corporate message. The companies should pay more attention to the these activities to make sure that the corporate logo can express a distinct, consistent message and convey the quality of the organisation to the consumers.

The findings of this study indicate that there is a direct relationship between the corporate logo and recognisability, suggesting that managers are responsible for managing and projecting a favourable logo in order to achieve a favourable image in the minds of consumers. Clow and Baack (2007) define recognisability as the identification of something that has been seen previously and is recalled when it is seen again. A logo should be recognisable, which means that consumers should remember seeing the logo before. As corporate logos are an organisation's most outspoken nonverbal cues, Kohli *et al.* (2002) state that "logos should be chosen and designed with an eye toward relevant and specific marketing objectives" (p. 61). Therefore, managers should recognise the implications of design for all respondents because multiple responses may be elicited (Henderson *et al.,* 2004).

A further conclusion can be drawn from this research with regard to the associations between a favourable corporate logo and familiarity. The familiarity of the product to consumers refers to their "understanding of the product and to its characteristics and also to their ability to evaluate its quality (Herrera and Blanco, 2011). Logos contribute strongly to an increase in the familiarity and appreciation of a company and its products or services (Chadwick and Walters, 2009)*.* The more favourably the corporate logo of an organisation is perceived by the consumers, the more familiar the consumers tend to be with the company or its products. Therefore, managers should create or modify a favourable corporate logo, which is a reliable, distinctive cue for an organisation to generate the strongest sense of familiarity with the company and its services among consumers.

Finally, this study highlights that a favourable corporate logo is influenced by multiple factors, namely, the corporate name, design and typeface. This study presents a comprehensive understanding of the concept of the 'favourable corporate logo' and its consequences (corporate image, corporate reputation, the attitude towards advertisement, familiarity and recognisability). As presented in Chapter VII, above, the findings of this study can be helpful for those financially involved, due to their intangible and possibly unfamiliar content, in particular when delivered to consumers. It can be argued that the factors and the items in question may change according to consumers' perceptions.

Although it can be argued that any given organisation cannot fully represent all sectors, according to scholars (Aaker, 1997; Churchill, 1999; Van Riel *et al.,* 1998), survey research

with high external validity can be generalised to the population and across sectors. The findings of this research may thus be generalised to other industries.

## 8.3. RESEARCH LIMITATIONS AND FUTURE RESEARCH

This study represents a preliminary foray into the conceptualisation of the corporate logo, addressing its role in corporate image and corporate reputation. However, these findings should be interpreted in the light of some important limitations which are relevant for future research related to the method of sampling/analysis, as well as the measurement of it, as detailed below.

### 8.3.1. Research limitations

This study attempts to develop the understanding of the construct of the corporate logo and some of its antecedents and its outcomes, although the findings are not without their limitations. The research limitations are grouped into two sub-sections: the method of sampling/analysis and the measurement level.

### 8.3.1. 1. The method of sampling/analysis

The present research includes a method of sampling/analysis whose limitations should be taken into account. This research was carried out in a single setting, which was limited to the UK context. In a different country the findings might not be the same. Although the researcher developed the research measurement items on the basis of qualitative research and previous studies from different settings, the distinct characteristics of the HSBC could affect to a greater or lesser degree some aspects of the researched concepts. Therefore, a future study would be recommended to repeat this research in other countries in order to test the generalisability of the outcome (external validity) (see 8.2.1.3, theory testing and generalisability).

In terms of the research setting, this study was conducted in a company with a single logo (monolithic). It might be different in an organisation which had multiple logos (endorsed or

branded). Further empirical study should be conducted to replicate this study in different research settings, where multiple logos existed.

Another limitation of this study concerns the number and type of logos used. Future empirical study should be conducted to replicate this study with two or more types of logo. This may therefore lead to reservations about the generalisability of the research findings (Churchill, 1999).

The research design could be another limitation of this study. This research conducted semi-structured interviews with experts and focus groups of academics to explore the respondents' experiences, feeling, beliefs and understanding about the concept of the study as well as to generate additional measurement items. Therefore, the qualitative questions were aligned to the study and have probably limited the opportunities to generalise measurement items; further study here is also recommended.

In addition to the research design, the qualitative study was restricted to design managers and consultants, together with academics. However, designers and managers' mindsets, for instance, are not alike: managers emphasise words while designers emphasise visuals (Walker, 1990). The research did not consider graphic designers. The results might have been different if the study had included both
managers and graphic designers. Hence, care should be taken when interpreting these findings.

Within the quantitative phase, a lack of access to a complete sampling framework led this study to use a non-probability sampling technique (i.e. a convenience sample of individuals) where subjects were selected because of their accessibility and proximity to the researcher. Probability sampling methods are generally employed to enable researchers to estimate the amount of sampling error present (Churchill, 1996). A probability sampling technique is also used to eliminate potential bias in terms of validity and generalisability of the scales (Churchill, 1999).

This study represented a one-sided view – that of the consumer. It has been measured by the judgment of the respondents (academia), who were all consumers of the company concerned. The incorporation of the managerial perspective could enhance the scope of the research. This might yield different outcomes in terms of results. However, the available resources put it

beyond the scope of this study.

### 8.3.1. 2. The measurement level

As a pioneering study in this area, this is the first attempt to investigate the construct of the corporate logo, its antecedents and its consequences from the limited available literature. To increase the validity of the research measurement scales, future research should be attempted.

At the measurement level, given that this study represents a first attempt to investigate the construct of the corporate logo, its antecedents and consequences for which the existing literature was limited, the research involves the development of new scales, adopted from the previous literature and refined by using results from the qualitative study. As with other marketing studies, all the measurements were thoroughly tested before the survey was implemented. The scales were assessed for reliability and validity throughout the phases of designing the research instrument and analysing the data. Due to time constraints and the size of the survey, the empirical study was conducted within a single industry which was examined only according to one sample. As the study was conducted in the UK, this, too, limits the generalisability of the research results. Therefore, further research efforts are needed to expand and refine the proposed measurement scales. Moreover, the study should be replicated and extended and its scales applied to other samples to enhance its validity. Furthermore, replication in the context of other countries is also recommended.

In summary, this research investigated the relationship between the corporate logo, its antecedents and also its consequences, as perceived by consumers. A future study could perhaps yield different findings from the same research scales and constructs. Although this study employed mixed methods, a wider study would increase our knowledge of the realm of the corporate logo. Due to the resources available, however, this information was deemed beyond the scope of the current research. These limitations do not lessen the importance of the present findings. The following section considers avenues for future research which would identify and aid further improvements in this area.

### 8.3.2. Future research avenues

This study in focusing on the favourable corporate logo and its antecedents and its relation to corporate image and corporate reputation, opens numerous possible routes for future research. This section provides some suggestions to extend the current body of knowledge in the literature on the corporate logo, corporate visual identity and design.

In term of measurement and study validation, the current study used a mixed-methods approach and proposed comprehensive measurement scales for the favourable corporate logo. Accordingly, future studies could address the further application of measurement with regard to favourable corporate logos.

In addition, this study employed multiple constructs and measurement and worked within a financial setting in the UK. Researchers who study financial settings in the UK could explore these validated and reliable measurements. This research represents a first attempt to conceptualise the favourable corporate logo and its antecedents and consequences in a financial setting; hence a future study could well further develop the concept of a corporate logo in a financial setting taking into account the various stakeholders (e.g. consumers, employees, shareholders and employers). It should also be helpful to consider other modes of services. In this respect, further study should investigate whether the domain of the favourable corporate logo construct modifies or changes and how the association in the proposed framework would differ with the type of corporate logo being investigated. Furthermore, a future study could explore whether the relationships found in this study hold in other countries also.

The present study employed the HSBC corporate logo and future investigation may investigate additional types of logo to help the generalisability of these concepts. Moreover, this study can act as a foundation for future research to build on – namely, on the issue of the favourable corporate logo from a partial view: that of the consumer. Managing and designing the corporate logo could be examined from the corporate perspective, as well. Furthermore, to examine the generalisability of the model, a comparison between managers and customers would also give interesting insights into the management of a corporate logo. This might be another worthwhile study, which could provide further insight into the topic.

This study employed exploratory research. Replicated study is now needed in order to gain greater generalisability and validity for the examined measurement and relationships. In

addition, the developed and extended scales of the favourable corporate logo and the related research constructs could be investigated in future research.

This study is the first on the topic of the relationship between the favourable corporate logo and corporate image. It attempts to empirically examine the corporate logo by using the mixed-methods approach in order to examine and validate a conceptual model employing SEM. Given the increased attention on the corporate logo, the lack of systematic and empirical research on the corporate logo is alarming (Van der Lans *et al.,* 2009).

Future research could replicate the conceptual framework of the present study to other corporate logos. Furthermore, in order to adapt the constructs used in the current conceptual framework for a different research setting, future study should examine the validity and reliability of the constructs of interest.

Since some of the results of this study, e.g. the direct effect of colour on corporate logo, were unexpected and could be related to the type of business that the case company belongs to, future study might usefully repeat this research in another sector or country in order to examine the generalisability of the findings.

Furthermore, the direct relationship between the attitude towards advertisements, familiarity and recognisability and corporate image was not found to be significant. Tis in itself is another issue that might repay future investigation.

## 8.4. SUMMARY

This research contributed to a better understanding of the role of the corporate logo in building corporate image and corporate reputation and is the first empirical study in the UK financial setting. The research employed the mixed-methods approach in order to provide a better understanding of a more complex phenomenon and to obtain precise findings. The qualitative study (interview and focus group) allowed a theoretical framework to be developed, which was examined in a quantitative study through a survey. This study poses and investigates more specific questions on how the methodological decisions made by researchers might affect the strength of the relationships between a corporate logo and its antecedents and outcome

constructs. The findings relating to the development and validation of the corporate logo in the consumer context were explicated. Structural equation modelling (SEM) was used to analyse the collected data and revealed satisfactory psychometric properties. The findings indicate that the corporate logo is represented by three main factors: design, typeface and corporate name. It was also shown that the corporate logo, as the signature of a company, is a vehicle which managers use to influence consumer perception. Furthermore, the satisfactory fit indices and construct validity were illustrated in the structural equation analysis. The findings show that some pathways were not significant. Since this research is the first study to identify the construct of the corporate logo, no theoretical justification was available from previous studies.

Given that some limitations exist, further studies have been suggested to expand on this research. It is recommended that the next studies should additionally validate the measurements and test the relationship between the concepts from different perspectives (shareholders, employees and employers) in different countries.

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# APPENDIX 4.1:

**Interview Protocol: Company interviews question sheet (research questions, hypotheses, and qualitative questions)**

**<u>Introduction:</u>** My name is Pantea Foroudi and I am currently a Doctoral student at Brunel Business School, Brunel University, Uxbridge, UK. I achieved my first Master's in the field of Graphic Design at Azad University in Tehran, Iran, and completed my second Master's in Marketing Communications at the University of the Arts London. I have worked as a designer for 17 years.

**<u>Aim of the research:</u>** This study is about examining the influence of corporate logo. It explores the factors that influence corporate logo favourability and whether a corporate logo can satisfactorily influence corporate image. This research examines the main effectiveness of a favourable corporate logo as the symbolic representation of a company and differentiator for the purpose of image building. The aim is to provide managers and designers with guidelines on the selection or modification of a corporate logo to achieve a favourable image, and the main factors that influence corporate logo suitability at a consumer level.

Your opinion on these issues is very important for me to understand the interplay between corporate logo and corporate image. I promise that everything we talk about today will be kept completely confidential. It would be extremely helpful if you could allow me to record our discussion. Whenever you do not feel comfortable about recording something, I can pause the recorder. Whatever issues you may not feel comfortable talking about, we can move on to other issues or topics.

**About the interviewee**

| Title: | …………………………………… |
|---|---|
| Interviewer: | …………………………………… |
| Position | …………………………………… |
| Personal responsibilities: | …………………………………… |
| How long have you been with the company? | …………………………………… |
| In how many different countries does this company currently operate? | …………………………………… |
| Name of company: | …………………………………… |
| Date: | …………………………………… |

| Hypotheses | Major references | Qualitative questions |
|---|---|---|
| **RQ1 – What are the factors that influence corporate logo favourability?** | | |
| H1: The more favourable the corporate name is, the more favourable the attitude consumers have towards its corporate logo. | e.g. Dowling, 1994; Hagtvedt, 2011; Melewar and Saunders, 1999; Leitch and Motion, 1999; Rowden, 2000; Topalian, 1984 | To the best of your knowledge, based on effects to date, what impact has the name used in the corporate logo had in its implementation?<br><br>Would you please give an explanation of your company's name?<br><br>Do you think your company's name can communicate what your company stands for?<br><br>Do you think the company's name should influence the design of the corporate logo? |
| H2: The more favourable the corporate typeface is perceived by consumers, the more favourable the attitude they have towards the corporate logo. | Bennett, 1995; Henderson *et al.,* 2004; Leitch and Motion, 1999; Mollerup, 1999; Spaeth, 1999 | To the best of your knowledge, based on effects to date, what impact has the typeface used in the corporate logo had on its implementation?<br><br>Would you please give an explanation of your company's typeface?<br><br>Do you think your company's name can communicate what your company stands for?<br><br>Will you please explain how much your company's typeface influence on your logo? |
| H3: The more favourable the design of a company's logo is perceived by consumers, the more favourable the attitude they have towards the corporate logo. | Alessandri, 2001; Childers and Jass, 2002; Henderson and Cote, 1998; Napoles, 1988; Olins, 1989; Selame and | To the best of your knowledge, based on effects to date, what impact has the design used in the corporate logo had on its implementation?<br><br>Would you please give an explanation of the design used in your company's logo? |

| | Selame, 1975; Wheeler, 2003 | Do you think the design used in your company's logo can communicate what the company stands for?<br><br>Will you please explain how much the design used in your company's logo influence on your logo? |
|---|---|---|
| H4: The more favourable the colour used in a company's logo is perceived by consumers, the more favourable the attitude they have towards the corporate logo. | Aslam, 2006; Bottomley and Doyle, 2006; Hynes *et al.*, 2009; Madden *et al.*, 2000; Tavassoli, 2001 | To the best of your knowledge, based on effects to date, what impact has the colour used in the corporate logo had on its implementation?<br><br>Would you please give an explanation of the colour used in your company's logo?<br><br>Do you think the design used in your company's logo can communicate what the company stands for?<br><br>Will you please explain how much the design used in your company's logo influence on your logo? |

**RQ2 – What are the main influences of corporate logo favourability on corporate image and corporate reputation?**

| H5: The more favourable the corporate logo of an organisation is perceived by the consumers, the more favourable the image consumers have towards the company. | Balmer, 2001; Hagtvedt, 2011; Henderson and Cote, 1998; Kapferer, 1992; LeBlanc and Nguyen, 1996; Napoles, 1988; Olins, 1989; Stuart, 1997; Van Riel and Balmer, 1997; Van Riel *et al.*, 2001 | What is your general impression of the company?<br><br>What do you think about what impressions your customers have of the company?<br><br>Please state your impressions of the company compared to other companies in the same sector.<br><br>How do you think company's logo communicates information about the company to its customers?<br><br>How do you think the company's logo enhances the company's image? |
|---|---|---|
| H6: The more favourable the attitude that consumers have towards a company's corporate image, the more favourable the reputation consumers have towards the company. | Anson, 1988; Dowling, 1994; Dutton and Dukerich, 1991; Green and Loveluck, 1994; Hatch and Schultz, 2001; Henderson and Cote, 1998; Melewar and Saunders, 1998; Olins, 1986, 1989; Omar and Williams, 2006; Pittard *et al.,* 2007; Van den Bosch *et al.,* 2005; Van Riel *et al.,* 2001 | How would you describe your company's reputation?<br><br>How would you describe the reputation the company has with its stakeholders? |
| H7: The more favourable the corporate logo of an organisation is perceived by the consumers, the more favourable the attitude consumers have towards an organisation's advertisements. | Van den Bosch *et al.*, 2006; Van Riel *et al.*, 2001 | Do you have corporate advertising in your company? Yes or no?<br><br>Does the company's logo play an important role in your choice of advertising methods? |

| | | |
|---|---|---|
| H8: The more favourable the consumers' attitude towards a company's advertisements, the more favourable the image consumers have towards the company. | Meenaghan, 1995; Melewar *et al.,* 2001 | How is the advertising promoted? What is persuasive about the corporate logo?<br><br>How can medium to long run market success be attained by the corporate logo?<br><br>How is the corporate logo suited to company advertising?<br><br>How does the corporate logo fit with company advertising? |
| H9: The more favourable the corporate logo of an organisation is perceived by the consumers, the more the consumers are familiar with the product or the company. | Henderson and Cote, 1998; Henderson *et al.,* 2004; Melewar and Saunders, 1998; Peter, 1989; Van Riel *et al.,* 2001 | Could you please describe your company's product or services?<br><br>How is the corporate logo suggestive of product benefit?<br><br>Do you think the company's logo makes the product and services more familiar by the customers?<br><br>Do you think the familiarity with the company and its product or services can influence on consumers' perception? |
| H10: The more the consumers are familiar with the company or product, the more favourable the image consumers have towards the company. | Buzzell, 1968; Josiassen *et al.,* 2008; Melewar and Saunders, 1998; Lippincott and Margulies, 1988 | |
| H11: The more favourable the corporate logo of an organisation is perceived by the consumers, the more impact there is on the product and company recognisability. | Baker and Balmer, 1997; Balmer and Gray, 2000; Van den Bosch *et al.,* 2005; Dowling, 1994; Fombrun and Van Riel, 2004; Olins, 1989; Omar and Williams, 2006; Kohli *et al.,* 2002 | Do you think the company's logo makes the product and services more recognisable by the customers?<br><br>How does the company's logo distinguish the company from its competitors in the mind of consumers?<br><br>Do you think the recognisability with the company and its product or services can influence on consumers' perception? |
| H12: The more the consumers recognised the company or the product, the more favourable the image consumers have towards the company. | Cohen, 1991; Dowling, 2001 Henderson and Cote, 1998 Henderson *et al.,* 2003; Peter, 1989; Robertson, 1989; Vartorella, 1990 | |

| |
|---|
| Could you please provide the three favourable UK company logo. |

# APPENDIX 4.2:

**Focus Group Protocol**

**Group No:** ..............

**Description of participants:**

1 ...................................................................

2 ...................................................................

3 ...................................................................

4 ...................................................................

5 ...................................................................

6 ...................................................................

**Place:** ...................................................................

**Date:** ..............

**Length of session:** ..............

**Moderator:** ...................................................................

| **Questions** |
| --- |
| **Opening questions** |
| 1. Will you please introduce yourself to us? (Ask all members) 2. Can you give the name of a global company you recall? |
| **Transition questions** |
| 3. How do you decide about what you exactly feel about the company's logo? What sort of information affects your decision? 4. Will you please name the components of the company's logo? How powerful is a corporate logo on your mind? (Colour, name, design, typeface). |
| **Key questions** |
| 5. If you think all the elements mentioned now, which of them most attract you while building an image and reputation of the global company? 6. In which of them do you specifically look for a clue about the company? 7. Let's focus on some particular elements of the corporate logo. Will you please explain how much the company name, colours, design and typeface which are used in the company's logo influence your impression of a global company? Why? 8. Will you please explain to what extent a corporate logo can influence a company's advertising, familiarity and recognisability of the product and services and influence your decision about a global company? Why? |

9.  How do the other communication sources such as what you have heard from others, watched or read in some media affect your opinion of a company?

**Final questions**

10. If you are a manager in a global company, who is responsible for the company logo and visual identity to create a positive public image?
11. Let's summarise the key points of our discussion (the moderator and assistant moderator give a brief summary of the responses to questions) Does this summary sound complete? Do you have any changes or additions?
12. The goal is to understand the main corporate logo elements that are used by global companies and are influential while you are forming an overall image of a global company. If you think we have missed out some points, will you please mention them?

Could you please provide the three favourable UK company logo.

# APPENDIX 4.3:

**Questionnaire – HSBC (Reference Company)**



**Aim of the research**

This research is conducted by Pantea Foroudi who is currently a Doctoral student at Brunel Business School, Brunel University, Uxbridge, UK. This study aims to examine the influence of corporate logo on corporate image and corporate reputation.

In this study you will be asked to participate in a survey concerning your thoughts and feelings about a company's corporate logo. We would like to thank you for your precious time spent completing this questionnaire as part of this research project.

Your kind co-operation is essential to the completion of this project. The success of this investigation depends entirely on the data contributed by consumers such as you.

Answering the enclosed questionnaire is voluntary. Your participation and any data collected will be anonymous and the responses will only be presented in an aggregated form and no single name will be disclosed. The questionnaire will only take 15 minutes of your time to fill out.

Many thanks in advance for your contribution!

Yours sincerely,
Miss Pantea Foroudi
Brunel Business School
Brunel University
Uxbridge
Middlesex UB8 3P

1. Have you ever heard about the **HSBC** Company?

☐ Yes          ☐ No (Finalise the questionnaire)

2. Below are statements of the HSBC ◆ **logo**. Please indicate your general impressions of this company.

*Tick the number that best describes your opinion.*

| The company logo | Strongly disagree | Disagree | Somewhat disagree | Neutral | Somewhat agree | Agree | Strongly agree |
|---|---|---|---|---|---|---|---|
| ... is recognisable | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| ... is appropriate | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| ... is familiar | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| ... communicates what the company stands for | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| … makes me have positive feelings towards the company | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| … is distinctive | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| … is attractive | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| … is meaningful | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| … is memorable | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| … communicates the company's personality | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| … is interesting | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |

3. Below are statements about the HSBC **typeface (font)**. Please state your general impressions of this company.

*Tick the number that best describes your opinion.*

| The company's typeface | Strongly disagree | Disagree | Somewhat disagree | Neutral | Somewhat agree | Agree | Strongly agree |
|---|---|---|---|---|---|---|---|
| … is interesting | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| … is artistic | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| … is potent | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| … is honest | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |

| | Strongly disagree | Disagree | Somewhat disagree | Neutral | Somewhat agree | Agree | Strongly agree |
|---|---|---|---|---|---|---|---|
| … communicate with me when the logo is simply not feasible | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| … is immediately readable | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| … makes me have positive feelings towards the company | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |

4. Below are statements about the **design**  **used in HSBC's logo**. Please state your general impressions of this company.

*Tick the number that best describes your opinion.*

| The design of the logo | Strongly disagree | Disagree | Somewhat disagree | Neutral | Somewhat agree | Agree | Strongly agree |
|---|---|---|---|---|---|---|---|
| … is familiar | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| … is meaningful | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| … communicates the company's identity | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| … is distinct | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| … helps memorability | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| … communicates clear meanings | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| I like the design of the logo | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |

5. Below are statements about the **colour**  **used in HSBC's logo**. Please state your general impressions of this company.

*Tick the number that best describes your opinion.*

| The colour of the logo | Strongly disagree | Disagree | Somewhat disagree | Neutral | Somewhat agree | Agree | Strongly agree |
|---|---|---|---|---|---|---|---|
| ... affects my judgments and behaviour | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| ... is recognisable | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| … is unique | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| ... is pleasant | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |

6. Below are statements about the **HSBC's name**. Please state your general impressions of this company.

*Tick the number that best describes your opinion.*

| **The company's name** | Strongly disagree | Disagree | Somewhat disagree | Neutral | Somewhat agree | Agree | Strongly agree |
|---|---|---|---|---|---|---|---|
| … is easy to remember | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| … is unique versus the competition | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| … is always timely (does not get out of date) | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| … communicates about the company and the product's benefits and qualities | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| … is short and simple | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| … is promotable and advertisable | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| … is pleasing when read or heard and easy to pronounce | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| … is recognisable | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| … is easy recall | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |

7. Below are statements about **HSBC's image**. Please state your general impressions of this company.

*Tick the number that best describes your opinion.*

| | Strongly disagree | Disagree | Somewhat disagree | Neutral | Somewhat agree | Agree | Strongly agree |
|---|---|---|---|---|---|---|---|
| I like the company | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| I like the company compared to other companies in the same sector | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| I think other consumers like the company as well | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| The company's logo communicates information about the company to its customers | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| The company's logo enhances the company's image | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |

8. Below are statements about **HSBC's reputation**. Please state your general impressions of this company.

*Tick the number that best describes your opinion.*

| | Strongly disagree | Disagree | Somewhat disagree | Neutral | Somewhat agree | Agree | Strongly agree |
|---|---|---|---|---|---|---|---|
| I have a good feeling about the company | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| I admire and respect the company | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| I trust the company | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| The company offers products and services that are good value of money | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| The company has excellent leadership | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| The company is a well-managed | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| The company is an environmentally responsible company | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |

9. The section below is to understand your impression of **consumers' attitude**s **towards HSBC's advertisements**. Please indicate your degree of agreement or disagreement with the following statements.

*Tick the number that best describes your opinion.*

**The company's advertisement**

| | Strongly disagree | Disagree | Somewhat disagree | Neutral | Somewhat agree | Agree | Strongly agree |
|---|---|---|---|---|---|---|---|
| … is favourable | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| … communicates what the company stands for | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| … makes me have positive feelings towards the company | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| … holds the attention | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| … differentiates the firm and product and services from its competitors | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| … is original and unique | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| The company's advertisement is reliable | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |

10. The section below examines your **familiarity**. Please indicate your degree of agreement or disagreement with the following statements.

*Tick the number that best describes your opinion.*

### Familiarity

| | Strongly disagree | Disagree | Somewhat disagree | Neutral | Somewhat agree | Agree | Strongly agree |
|---|---|---|---|---|---|---|---|
| The HSBC and its products are familiar to me | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| I have previous experience with the different HSBC products that exist in the market | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| This company has products for today's consumer | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| I have much experience with quality of the products and services | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| I think I have enough information to make an informed judgment about the company's product and services' | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| The company and the product gives me a feeling of goodwill | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| The company and its product are well-known in detail | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |

11. The section below is prepared to understand your impression about **recognisability**. Please indicate your degree of agreement or disagreement with the following statements.

*Tick the number that best describes your opinion.*

### Recognisability

| | Strongly disagree | Disagree | Somewhat disagree | Neutral | Somewhat agree | Agree | Strongly agree |
|---|---|---|---|---|---|---|---|
| The company is recognisable | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| The company and its product are recalled easily | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| The company and the product are distinct from other companies | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| The product is recognisable | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |

| The company and its product recognisability influence on my decision | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
|---|---|---|---|---|---|---|---|

12. How would you describe the logo of HSBC and what it stands for?

………………………………………………………………………………..
………………………………………………………………………………..
………………………………………………………………………………..

13. What do you think the HSBC logo means?

………………………………………………………………………………..
………………………………………………………………………………..
………………………………………………………………………………..

14. What does the company want to express with its logo in your opinion?

………………………………………………………………………………..
………………………………………………………………………………..
………………………………………………………………………………..

**In order to get fully understanding about your opinion on the benefit of logos, please answer the following questions.**

1. Your gender     ☐ Female       ☐ Male

2. Your age:     years

3. Please state the last degree you have earned.

☐ High school      ☐ Undergraduate      ☐ postgraduate and above

4. Please specify the most appropriate option below that indicates your employment status (tick only one).

<u>I am currently employed</u>        <u>I am not employed</u>

☐ Top executive or manager        ☐ Student
☐ Owner of a company        ☐ House wife
☐ Lawyer, dentist or architect etc.        ☐ Retired
☐ Office/clerical staffs
☐ Worker
☐ Civil servant
☐ Craftsman
☐ Other

I would like to thank you again for your kind cooperation and valuable time.
The sequence of the questions were based on recommendations by Krueger (1994)

# APPENDIX 6.1:

## Missing data examination at item-level

| | N | Mean | Std. Deviation | Missing | | No. of Extremes(a) | |
|---|---|---|---|---|---|---|---|
| | Count | Percent | Low | High | Count | Percent | Low |
| **CL_1** | 332 | 5.47 | 1.245 | 0 | .0 | 20 | 0 |
| **CL_2** | 332 | 5.28 | 1.297 | 0 | .0 | 3 | 0 |
| **CL_3** | 332 | 5.22 | 1.351 | 0 | .0 | 2 | 0 |
| **CL_4** | 332 | 5.48 | 1.235 | 0 | .0 | 21 | 0 |
| **CL_5** | 332 | 5.16 | 1.393 | 0 | .0 | 4 | 0 |
| **CL_6** | 332 | 5.31 | 1.370 | 0 | .0 | 2 | 0 |
| **CL_7** | 332 | 5.27 | 1.380 | 0 | .0 | 2 | 0 |
| **CL_8** | 332 | 5.65 | 1.149 | 0 | .0 | 1 | 0 |
| **CL_9** | 332 | 5.31 | 1.010 | 0 | .0 | 9 | 0 |
| **CL_10** | 332 | 5.61 | 1.200 | 0 | .0 | 17 | 0 |
| **CL_11** | 332 | 5.54 | 1.217 | 0 | .0 | 18 | 0 |
| **CL_13** | 332 | 5.51 | 1.157 | 0 | .0 | 14 | 0 |
| **CL_14** | 332 | 5.54 | 1.207 | 0 | .0 | 15 | 0 |
| **CLT_2** | 332 | 5.85 | 1.174 | 0 | .0 | 6 | 0 |
| **CLT_3** | 332 | 5.79 | 1.268 | 0 | .0 | 7 | 0 |
| **CLT_4** | 332 | 5.89 | 1.253 | 0 | .0 | 8 | 0 |
| **CLT_5** | 332 | 5.84 | 1.222 | 0 | .0 | 5 | 0 |
| **CLT_6** | 332 | 5.82 | 1.243 | 0 | .0 | 6 | 0 |
| **CLT_7** | 332 | 5.76 | 1.304 | 0 | .0 | 6 | 0 |
| **CLT_8** | 332 | 5.82 | 1.307 | 0 | .0 | 8 | 0 |
| **CLD_1** | 332 | 5.49 | 1.165 | 0 | .0 | 15 | 0 |
| **CLD_2** | 332 | 5.75 | 1.177 | 0 | .0 | 5 | 0 |
| **CLD_3** | 332 | 5.62 | 1.181 | 0 | .0 | 4 | 0 |
| **CLD_5** | 332 | 5.96 | 1.142 | 0 | .0 | 4 | 0 |
| **CLD_6** | 332 | 5.77 | 1.199 | 0 | .0 | 5 | 0 |
| **CLD_7** | 332 | 5.39 | 1.245 | 0 | .0 | 23 | 0 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| CLD_9 | 332 | 5.62 | 1.207 | 0 | .0 | 6 | 0 |
| CLC_1 | 332 | 5.92 | 1.068 | 0 | .0 | 1 | 0 |
| CLC_2 | 332 | 5.82 | 1.132 | 0 | .0 | 4 | 0 |
| CLC_3 | 332 | 5.59 | 1.261 | 0 | .0 | 4 | 0 |
| CLC_5 | 332 | 5.47 | 1.182 | 0 | .0 | 15 | 0 |
| CLN_1 | 332 | 5.63 | 1.307 | 0 | .0 | 9 | 0 |
| CLN_2 | 332 | 5.69 | 1.284 | 0 | .0 | 7 | 0 |
| CLN_3 | 332 | 5.37 | 1.398 | 0 | .0 | 14 | 0 |
| CLN_4 | 332 | 5.69 | 1.291 | 0 | .0 | 9 | 0 |
| CLN_5 | 332 | 5.61 | 1.271 | 0 | .0 | 6 | 0 |
| CLN_6 | 332 | 5.44 | 1.364 | 0 | .0 | 12 | 0 |
| CLN_7 | 332 | 5.73 | 1.223 | 0 | .0 | 5 | 0 |
| CLN_8 | 332 | 5.69 | 1.262 | 0 | .0 | 6 | 0 |
| CLN_9 | 332 | 5.66 | 1.290 | 0 | .0 | 7 | 0 |
| CI_1 | 332 | 5.74 | 1.226 | 0 | .0 | 6 | 0 |
| CI_2 | 332 | 5.96 | 1.237 | 0 | .0 | 6 | 0 |
| CI_3 | 332 | 5.98 | 1.234 | 0 | .0 | 6 | 0 |
| CI_4 | 332 | 5.95 | 1.233 | 0 | .0 | 6 | 0 |
| CI_5 | 332 | 5.86 | 1.245 | 0 | .0 | 4 | 0 |
| CR_1 | 332 | 5.43 | 1.206 | 0 | .0 | 21 | 0 |
| CR_2 | 332 | 5.50 | 1.223 | 0 | .0 | 5 | 0 |
| CR_3 | 332 | 5.32 | 1.351 | 0 | .0 | 3 | 0 |
| CR_4 | 332 | 5.48 | 1.271 | 0 | .0 | 3 | 0 |
| CR_5 | 332 | 5.46 | 1.167 | 0 | .0 | 16 | 0 |
| CR_6 | 332 | 5.43 | 1.248 | 0 | .0 | 24 | 0 |
| CR_7 | 332 | 5.39 | 1.307 | 0 | .0 | 30 | 0 |
| CAD_1 | 332 | 4.99 | 1.336 | 0 | .0 | 4 | 0 |
| CAD_2 | 332 | 5.19 | 1.399 | 0 | .0 | 5 | 0 |
| CAD_3 | 332 | 4.99 | 1.401 | 0 | .0 | 7 | 0 |
| CAD_4 | 332 | 5.01 | 1.341 | 0 | .0 | 3 | 0 |
| CAD_8 | 332 | 5.00 | 1.405 | 0 | .0 | 7 | 0 |
| CAD_9 | 332 | 5.02 | 1.387 | 0 | .0 | 7 | 0 |

334

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| CAD_10 | 332 | 5.04 | 1.381 | 0 | .0 | 8 | 0 |
| CPF_1 | 332 | 5.28 | 1.361 | 0 | .0 | 8 | 0 |
| CPF_3 | 332 | 5.36 | 1.281 | 0 | .0 | 4 | 0 |
| CPF_4 | 332 | 5.14 | 1.443 | 0 | .0 | 9 | 0 |
| CPF_6 | 332 | 5.09 | 1.507 | 0 | .0 | 9 | 0 |
| CPF_7 | 332 | 5.10 | 1.469 | 0 | .0 | 8 | 0 |
| CPF_8 | 332 | 4.95 | 1.524 | 0 | .0 | 9 | 0 |
| CPF_9 | 332 | 5.63 | 1.262 | 0 | .0 | 6 | 0 |
| CPR_1 | 332 | 5.35 | 1.288 | 0 | .0 | 19 | 0 |
| CPR_3 | 332 | 5.34 | 1.411 | 0 | .0 | 7 | 0 |
| CPR_4 | 332 | 5.29 | 1.371 | 0 | .0 | 7 | 0 |
| CPR_5 | 332 | 5.34 | 1.408 | 0 | .0 | 7 | 0 |
| CPR_6 | 332 | 5.30 | 1.354 | 0 | .0 | 6 | 0 |
| H_HSBC | 332 | | | 0 | .0 | | |
| GEN | 332 | | | 0 | .0 | | |
| AGE | 332 | | | 0 | .0 | | |
| DEG | 332 | | | 0 | .0 | | |
| EMPT1 | 324 | | | 8 | 2.4 | | |

# APPENDIX 6.2:

## Normal probability Q-Q plot

**Normal Q-Q Plot of CLNTOTAL**

**Normal Q-Q Plot of CITOTAL**

**Normal Q-Q Plot of CRTOTAL**

**Normal Q-Q Plot of CADTOTAL**

**Normal Q-Q Plot of CPFTOTAL**

**Normal Q-Q Plot of CPRTOTAL**
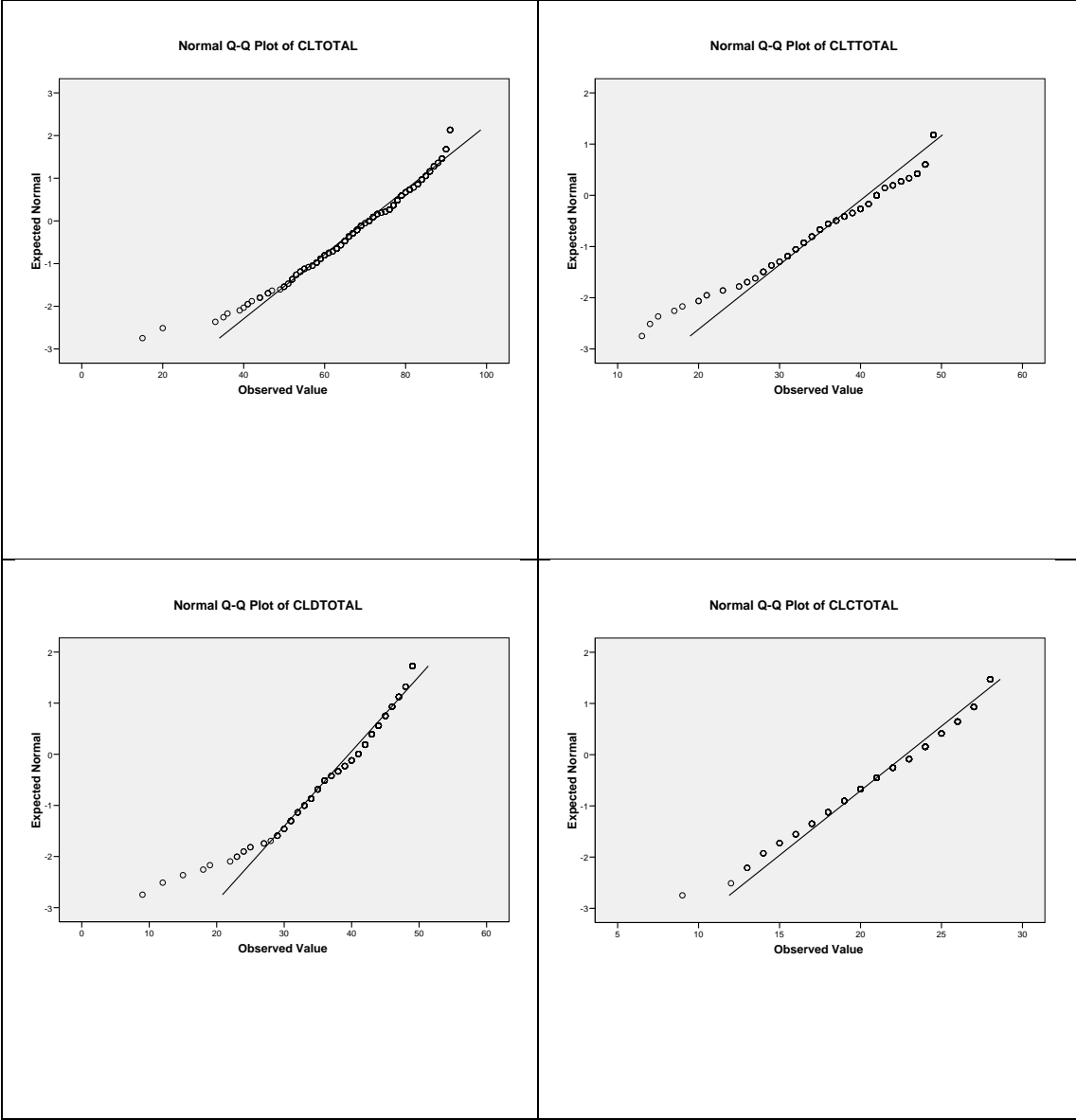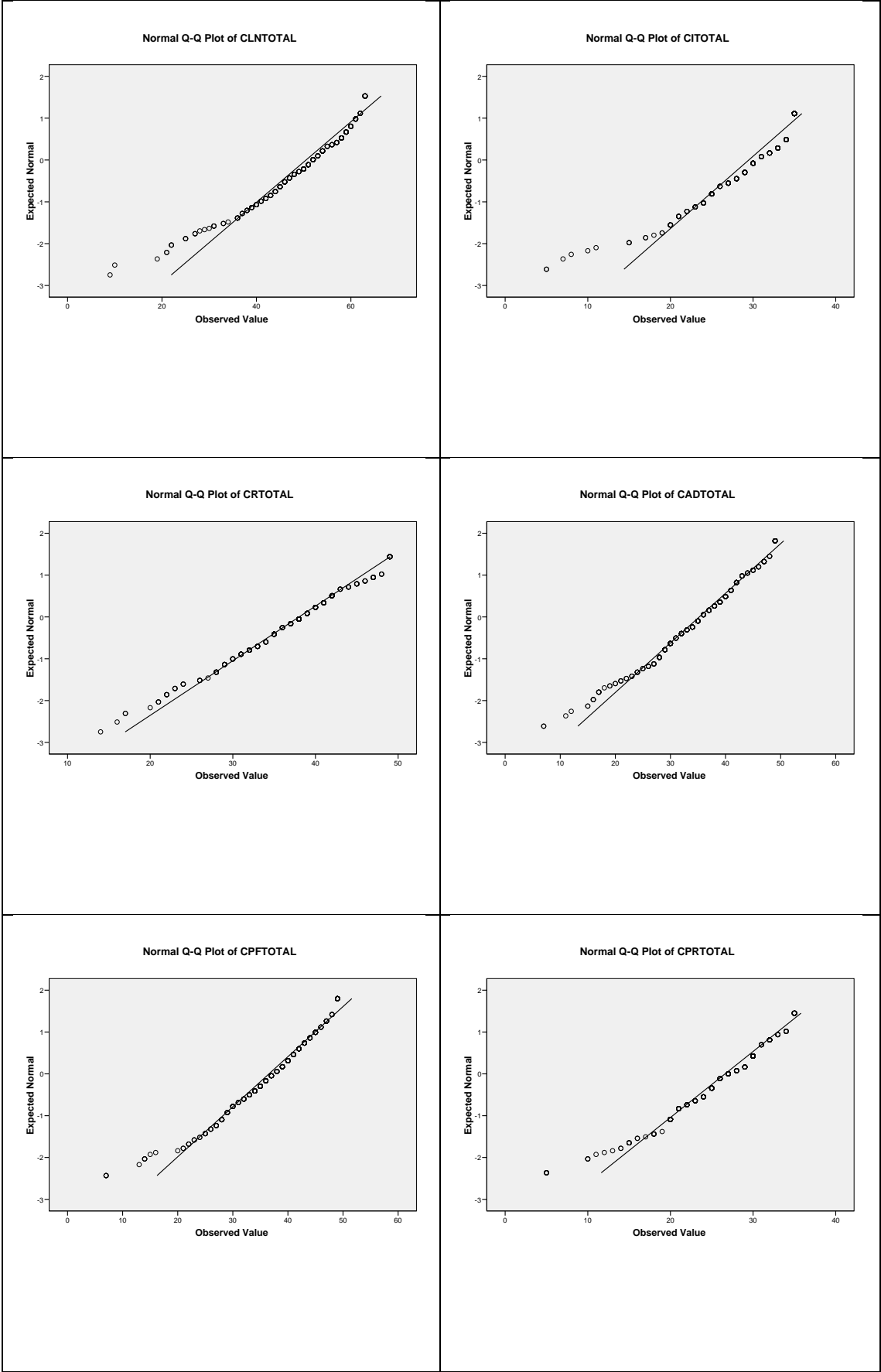
# APPENDIX 6.3:

**Univariate variables**

| Items | Mean | Std. Deviation | Missing | Kolmogorov-Smirnov(a) | | | Shapiro-Wilk | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Statistic | df | Sig. | Statistic | df | Sig. |
| CL_1 | 5.47 | 1.245 | .0 | .206 | 323 | .000 | .896 | 323 | .000 |
| CL_2 | 5.28 | 1.297 | .0 | .168 | 323 | .000 | .913 | 323 | .000 |
| CL_3 | 5.22 | 1.351 | .0 | .177 | 323 | .000 | .916 | 323 | .000 |
| CL_4 | 5.48 | 1.235 | .0 | .213 | 323 | .000 | .896 | 323 | .000 |
| CL_5 | 5.16 | 1.393 | .0 | .158 | 323 | .000 | .916 | 323 | .000 |
| CL_6 | 5.31 | 1.370 | .0 | .183 | 323 | .000 | .904 | 323 | .000 |
| CL_7 | 5.27 | 1.380 | .0 | .219 | 323 | .000 | .902 | 323 | .000 |
| CL_8 | 5.65 | 1.149 | .0 | .212 | 323 | .000 | .884 | 323 | .000 |
| CL_9 | 5.31 | 1.010 | .0 | .188 | 323 | .000 | .908 | 323 | .000 |
| CL_10 | 5.61 | 1.200 | .0 | .232 | 323 | .000 | .873 | 323 | .000 |
| CL_11 | 5.54 | 1.217 | .0 | .221 | 323 | .000 | .885 | 323 | .000 |
| CL_13 | 5.51 | 1.157 | .0 | .207 | 323 | .000 | .896 | 323 | .000 |
| CL_14 | 5.54 | 1.207 | .0 | .207 | 323 | .000 | .889 | 323 | .000 |
| CLT_2 | 5.85 | 1.174 | .0 | .210 | 332 | .000 | .841 | 332 | .000 |
| CLT_3 | 5.79 | 1.268 | .0 | .222 | 332 | .000 | .842 | 332 | .000 |
| CLT_4 | 5.89 | 1.253 | .0 | .238 | 332 | .000 | .817 | 332 | .000 |
| CLT_5 | 5.84 | 1.222 | .0 | .217 | 332 | .000 | .838 | 332 | .000 |
| CLT_6 | 5.82 | 1.243 | .0 | .218 | 332 | .000 | .840 | 332 | .000 |
| CLT_7 | 5.76 | 1.304 | .0 | .218 | 332 | .000 | .845 | 332 | .000 |
| CLT_8 | 5.82 | 1.307 | .0 | .227 | 332 | .000 | .827 | 332 | .000 |
| CLD_1 | 5.49 | 1.165 | .0 | .169 | 332 | .000 | .899 | 332 | .000 |
| CLD_2 | 5.75 | 1.177 | .0 | .232 | 332 | .000 | .858 | 332 | .000 |
| CLD_3 | 5.62 | 1.181 | .0 | .203 | 332 | .000 | .880 | 332 | .000 |
| CLD_5 | 5.96 | 1.142 | .0 | .229 | 332 | .000 | .820 | 332 | .000 |

| Items | Mean | Std. Deviation | Missing | Kolmogorov-Smirnov(a) | | | Shapiro-Wilk | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Statistic | df | Sig. | Statistic | df | Sig. |
| CLD_6 | 5.77 | 1.199 | .0 | .231 | 332 | .000 | .856 | 332 | .000 |
| CLD_7 | 5.39 | 1.245 | .0 | .189 | 332 | .000 | .906 | 332 | .000 |
| CLD_9 | 5.62 | 1.207 | .0 | .208 | 332 | .000 | .881 | 332 | .000 |
| CLC_1 | 5.92 | 1.068 | .0 | .225 | 332 | .000 | .847 | 332 | .000 |
| CLC_2 | 5.82 | 1.132 | .0 | .218 | 332 | .000 | .855 | 332 | .000 |
| CLC_3 | 5.59 | 1.261 | .0 | .220 | 332 | .000 | .878 | 332 | .000 |
| CLC_5 | 5.47 | 1.182 | .0 | .180 | 332 | .000 | .900 | 332 | .000 |
| CLN_1 | 5.63 | 1.307 | .0 | .210 | 332 | .000 | .865 | 332 | .000 |
| CLN_2 | 5.69 | 1.284 | .0 | .208 | 332 | .000 | .854 | 332 | .000 |
| CLN_3 | 5.37 | 1.398 | .0 | .155 | 332 | .000 | .894 | 332 | .000 |
| CLN_4 | 5.69 | 1.291 | .0 | .207 | 332 | .000 | .854 | 332 | .000 |
| CLN_5 | 5.61 | 1.271 | .0 | .186 | 332 | .000 | .874 | 332 | .000 |
| CLN_6 | 5.44 | 1.364 | .0 | .193 | 332 | .000 | .891 | 332 | .000 |
| CLN_7 | 5.73 | 1.223 | .0 | .204 | 332 | .000 | .859 | 332 | .000 |
| CLN_8 | 5.69 | 1.262 | .0 | .212 | 332 | .000 | .863 | 332 | .000 |
| CLN_9 | 5.66 | 1.290 | .0 | .219 | 332 | .000 | .862 | 332 | .000 |
| CI_1 | 5.74 | 1.226 | .0 | .204 | 332 | .000 | .853 | 332 | .000 |
| CI_2 | 5.96 | 1.237 | .0 | .245 | 332 | .000 | .796 | 332 | .000 |
| CI_3 | 5.98 | 1.234 | .0 | .258 | 332 | .000 | .788 | 332 | .000 |
| CI_4 | 5.95 | 1.233 | .0 | .248 | 332 | .000 | .800 | 332 | .000 |
| CI_5 | 5.86 | 1.245 | .0 | .234 | 332 | .000 | .827 | 332 | .000 |
| CR_1 | 5.43 | 1.206 | .0 | .172 | 332 | .000 | .905 | 332 | .000 |
| CR_2 | 5.50 | 1.223 | .0 | .174 | 332 | .000 | .897 | 332 | .000 |
| CR_3 | 5.32 | 1.351 | .0 | .194 | 332 | .000 | .907 | 332 | .000 |
| CR_4 | 5.48 | 1.271 | .0 | .213 | 332 | .000 | .894 | 332 | .000 |
| CR_5 | 5.46 | 1.167 | .0 | .181 | 332 | .000 | .905 | 332 | .000 |

| Items | Mean | Std. Deviation | Missing | Kolmogorov-Smirnov(a) | | | Shapiro-Wilk | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Statistic | df | Sig. | Statistic | df | Sig. |
| CR_6 | 5.43 | 1.248 | .0 | .185 | 332 | .000 | .902 | 332 | .000 |
| CR_7 | 5.39 | 1.307 | .0 | .166 | 332 | .000 | .902 | 332 | .000 |
| CAD_1 | 4.99 | 1.336 | .3 | .156 | 332 | .000 | .927 | 332 | .000 |
| CAD_2 | 4.99 | 1.401 | .0 | .203 | 332 | .000 | .895 | 332 | .000 |
| CAD_3 | 4.99 | 1.401 | .0 | .163 | 332 | .000 | .922 | 332 | .000 |
| CAD_4 | 5.01 | 1.341 | .0 | .169 | 332 | .000 | .925 | 332 | .000 |
| CAD_8 | 5.00 | 1.405 | .0 | .165 | 332 | .000 | .922 | 332 | .000 |
| CAD_9 | 5.02 | 1.387 | .0 | .150 | 332 | .000 | .923 | 332 | .000 |
| CAD_10 | 5.04 | 1.381 | .0 | .197 | 332 | .000 | .911 | 332 | .000 |
| CPF_1 | 5.28 | 1.361 | .0 | .190 | 332 | .000 | .892 | 332 | .000 |
| CPF_3 | 5.36 | 1.281 | .3 | .184 | 332 | .000 | .903 | 332 | .000 |
| CPF_4 | 5.14 | 1.443 | .0 | .190 | 332 | .000 | .904 | 332 | .000 |
| CPF_6 | 5.09 | 1.507 | .0 | .164 | 332 | .000 | .907 | 332 | .000 |
| CPF_7 | 5.10 | 1.469 | .3 | .181 | 332 | .000 | .910 | 332 | .000 |
| CPF_8 | 4.95 | 1.524 | .3 | .168 | 332 | .000 | .920 | 332 | .000 |
| CPF_9 | 5.63 | 1.262 | .3 | .229 | 332 | .000 | .865 | 332 | .000 |
| CPR_1 | 5.35 | 1.288 | 1.2 | .203 | 332 | .000 | .890 | 332 | .000 |
| CPR_3 | 5.34 | 1.411 | .3 | .200 | 332 | .000 | .887 | 332 | .000 |
| CPR_4 | 5.29 | 1.371 | 1.5 | .193 | 332 | .000 | .898 | 332 | .000 |

# APPENDIX 6.4:

**Multivariate normality**

| Items | Mean | SD | Skewness | | Kurtosis | |
|---|---|---|---|---|---|---|
| | | | Statistic | Std. Error | Statistic | Std. Error |
| **Corporate logo** | | | | | | |
| CL_1 | 5.47 | 1.245 | -.699 | .134 | .282 | .267 |
| CL_2 | 5.28 | 1.297 | -.516 | .134 | .013 | .267 |
| CL_3 | 5.22 | 1.351 | -.474 | .134 | -.290 | .267 |
| CL_4 | 5.48 | 1.235 | -.627 | .134 | .026 | .267 |
| CL_5 | 5.16 | 1.393 | -.470 | .134 | -.174 | .267 |
| CL_6 | 5.31 | 1.370 | -.636 | .134 | -.053 | .267 |
| CL_7 | 5.27 | 1.380 | -.683 | .134 | -.127 | .267 |
| CL_8 | 5.65 | 1.149 | -.579 | .134 | -.387 | .267 |
| CL_9 | 5.31 | 1.010 | -.146 | .134 | -.393 | .267 |
| CL_10 | 5.61 | 1.200 | -.977 | .134 | 1.105 | .267 |
| CL_11 | 5.54 | 1.217 | -.853 | .134 | .746 | .267 |
| CL_13 | 5.51 | 1.157 | -.604 | .134 | .298 | .267 |
| CL_14 | 5.54 | 1.207 | -.759 | .134 | .586 | .267 |
| **Corporate name** | | | | | | |
| CLN_1 | 5.63 | 1.307 | -.971 | .134 | .795 | .267 |
| CLN_2 | 5.69 | 1.284 | -1.071 | .134 | 1.233 | .267 |
| CLN_3 | 5.37 | 1.398 | -.669 | .134 | .065 | .267 |
| CLN_4 | 5.69 | 1.291 | -1.062 | .134 | 1.108 | .267 |
| CLN_5 | 5.61 | 1.271 | -.864 | .134 | .692 | .267 |
| CLN_6 | 5.44 | 1.364 | -.739 | .134 | .082 | .267 |
| CLN_7 | 5.73 | 1.223 | -.961 | .134 | .876 | .267 |
| CLN_8 | 5.69 | 1.262 | -.933 | .134 | .645 | .267 |
| CLN_9 | 5.66 | 1.290 | -.977 | .134 | .797 | .267 |
| **Colour** | | | | | | |
| CLC_1 | 5.92 | 1.068 | -.699 | .134 | -.235 | .267 |
| CLC_2 | 5.82 | 1.132 | -.955 | .134 | .985 | .267 |
| CLC_3 | 5.59 | 1.261 | -.617 | .134 | -.470 | .267 |
| CLC_5 | 5.47 | 1.182 | -.285 | .134 | -.818 | .267 |
| **Typeface** | | | | | | |
| CLT_2 | 5.85 | 1.174 | -.977 | .134 | .706 | .267 |
| CLT_3 | 5.79 | 1.268 | -.890 | .134 | .174 | .267 |
| CLT_4 | 5.89 | 1.253 | -1.099 | .134 | .734 | .267 |
| CLT_5 | 5.84 | 1.222 | -.960 | .134 | .345 | .267 |
| CLT_6 | 5.82 | 1.243 | -1.002 | .134 | .672 | .267 |
| CLT_7 | 5.76 | 1.304 | -.895 | .134 | .154 | .267 |
| CLT_8 | 5.82 | 1.307 | -1.051 | .134 | .547 | .267 |
| **Design** | | | | | | |
| CLD_1 | 5.49 | 1.165 | -.526 | .134 | .166 | .267 |
| CLD_2 | 5.75 | 1.177 | -1.015 | .134 | 1.001 | .267 |
| CLD_3 | 5.62 | 1.181 | -.840 | .134 | .819 | .267 |
| CLD_5 | 5.96 | 1.142 | -1.143 | .134 | 1.270 | .267 |

| | | | | | | |
|---|---|---|---|---|---|---|
| CLD_6 | 5.77 | 1.199 | -.957 | .134 | .681 | .267 |
| CLD_7 | 5.39 | 1.245 | -.612 | .134 | .173 | .267 |
| CLD_9 | 5.62 | 1.207 | -.752 | .134 | .345 | .267 |
| **Corporate image** | | | | | | |
| CI_1 | 5.74 | 1.226 | -1.038 | .134 | 1.286 | .267 |
| CI_2 | 5.96 | 1.237 | -1.351 | .134 | 1.906 | .267 |
| CI_3 | 5.98 | 1.234 | -1.391 | .134 | 2.278 | .267 |
| CI_4 | 5.95 | 1.233 | -1.319 | .134 | 1.882 | .267 |
| CI_5 | 5.86 | 1.245 | -1.075 | .134 | 1.092 | .267 |
| **Corporate reputation** | | | | | | |
| CR_1 | 5.43 | 1.206 | -.436 | .134 | -.368 | .267 |
| CR_2 | 5.50 | 1.223 | -.568 | .134 | .003 | .267 |
| CR_3 | 5.32 | 1.351 | -.590 | .134 | -.131 | .267 |
| CR_4 | 5.48 | 1.271 | -.556 | .134 | -.410 | .267 |
| CR_5 | 5.46 | 1.167 | -.399 | .134 | -.410 | .267 |
| CR_6 | 5.43 | 1.248 | -.634 | .134 | .102 | .267 |
| CR_7 | 5.39 | 1.307 | -.614 | .134 | .010 | .267 |
| **Perceptions towards advertisements** | | | | | | |
| CAD_1 | 4.99 | 1.336 | -.457 | .134 | .055 | .267 |
| CAD_2 | 5.19 | 1.399 | -.834 | .134 | .426 | .267 |
| CAD_3 | 4.99 | 1.401 | -.575 | .134 | .171 | .267 |
| CAD_4 | 5.01 | 1.341 | -.508 | .134 | .009 | .267 |
| CAD_8 | 5.00 | 1.405 | -.591 | .134 | .140 | .267 |
| CAD_9 | 5.02 | 1.387 | -.512 | .134 | .106 | .267 |
| CAD_10 | 5.04 | 1.381 | -.722 | .134 | .550 | .267 |
| **Familiarity** | | | | | | |
| CPF_1 | 5.28 | 1.361 | -.851 | .134 | .858 | .267 |
| CPF_3 | 5.36 | 1.281 | -.638 | .134 | .347 | .267 |
| CPF_4 | 5.14 | 1.443 | -.704 | .134 | .264 | .267 |
| CPF_6 | 5.09 | 1.507 | -.709 | .134 | .124 | .267 |
| CPF_7 | 5.10 | 1.469 | -.678 | .134 | .088 | .267 |
| CPF_8 | 4.95 | 1.524 | -.609 | .134 | -.139 | .267 |
| CPF_9 | 5.63 | 1.262 | -1.023 | .134 | 1.146 | .267 |
| **Recognisability** | | | | | | |
| CPR_1 | 5.35 | 1.288 | -.855 | .134 | 1.012 | .267 |
| CPR_3 | 5.34 | 1.411 | -.898 | .134 | .662 | .267 |
| CPR_4 | 5.29 | 1.371 | -.761 | .134 | .518 | .267 |
| CPR_5 | 5.34 | 1.408 | -.901 | .134 | .674 | .267 |
| CPR_6 | 5.30 | 1.354 | -.754 | .134 | .539 | .267 |

Source: Analysis of survey data

# APPENDIX 6.5:

**Factor loadings associated with the EO scale following principal axis factoring (Rotated Component Matrix (a))**

| Items | Component | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| CL_1 | .696 | | | | | | | | | |
| CL_2 | .645 | .511 | | | | | | | | |
| CL_3 | .730 | | | | | | | | | |
| CL_4 | .763 | | | | | | | | | |
| CL_6 | .768 | | | | | | | | | |
| CL_7 | .765 | | | | | | | | | |
| CL_8 | .783 | | | | | | | | | |
| CL_9 | .471 | | | .498 | | | .544 | | | |
| CL_10 | .781 | | | | | | | | | |
| CL_13 | .794 | | | | | | | | | |
| CL_14 | .532 | .411 | | | .521 | | | | | |
| CLT_2 | | .674 | .401 | | | | | | | |
| CLT_3 | | .763 | | | | | | | | |
| CLT_4 | | .792 | | | | | | | | |
| CLT_5 | | .805 | | | | | | | | |
| CLT_6 | | .781 | | | | | | | | |
| CLT_7 | | .767 | | | | | | | | |
| CLT_8 | | .799 | | | | | | | | |
| CLD_1 | | | .444 | | | .628 | .584 | | | |
| CLD_2 | | | | | | | .624 | | | |
| CLD_3 | | | | | | | .670 | | | |
| CLD_5 | | | | | | | .761 | | | |
| CLD_6 | | | | | | | .746 | | | |
| CLD_7 | | | | | | | .694 | | | |
| CLD_9 | | | | | | | .744 | | | |
| CLC_1 | | | | | | | | | | .697 |
| CLC_2 | | | | | | | | | | .735 |
| CLC_3 | | | | | | | | | | .787 |
| CLC_5 | | | | | | | | | | .739 |
| CLN_1 | | | | | .737 | | | | | |
| CLN_2 | | | | | .771 | | | | | |
| CLN_3 | | | | .451 | .704 | | | | | .453 |
| CLN_4 | | | | | .752 | | | | | |
| CLN_5 | | | | | | .543 | | | | .702 |
| CLN_7 | | | | | .802 | | | | | |
| CLN_8 | | | | | .772 | | | | | |
| CLN_9 | | | | | .747 | | | | | |
| CI_1 | | | | | | | | .783 | | |
| CI_2 | | | | | | | | .866 | | |
| CI_3 | | | | | | | | .855 | | |
| CI_4 | | | | | | | | .855 | | |
| CI_5 | | | | | | | | .821 | | |
| CR_1 | | | | .849 | | | | | | |

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|---|
| **CR_2** | | .848 | | | | | |
| **CR_3** | | .841 | | | | | |
| **CR_4** | | .755 | | | .563 | | |
| **CR_5** | | .849 | | | | | |
| **CR_6** | | .876 | | | | | |
| **CR_7** | | .835 | | | | | |
| **CAD_1** | .755 | | | | | | |
| **CAD_2** | .603 | | .562 | | | | |
| **CAD_3** | .888 | | | | | | |
| **CAD_4** | .873 | | | | | | |
| **CAD_8** | .851 | | | | | | |
| **CAD_9** | .873 | | | | | | |
| **CAD_10** | .863 | | | | | | |
| **CPF_1** | | | | .706 | | | |
| **CPF_3** | | | | .739 | | | |
| **CPF_4** | | | | .743 | | | |
| **CPF_6** | | | | .786 | | | |
| **CPF_7** | | | | .804 | | | |
| **CPF_8** | | | | .704 | | | |
| **CPF_9** | | | | .670 | | | .568 |
| **CPR_1** | | | | | | .627 | |
| **CPR_3** | | | | | | .872 | |
| **CPR_4** | | | | | | .829 | |
| **CPR_5** | | | | | | .872 | |
| **CPR_6** | | | | | | .831 | |

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a Rotation converged in 8 iterations.

Entrepreneurial Orientation Measures
Kaiser-Meyer-Olkin measure of sampling adequacy=0.934
Bartlett test of sphericity=396.39, df=2485
Cut off value for the factor loading was greater than .40
Source: Analysis of survey data