



The power of triple contexts on customer-based brand performance—A comparative study of Baidu and Google from Chinese netizens' perspective



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ABSTRACT

Despite academic consensus on the concomitant power of triple contexts (country, industry and firm) for business, debates remain as to which context plays more salient a role to drive brand performance. This paper investigates how the triple contexts affect customers' views of corporate brands and how such views impact on their assessment of brand performance (satisfaction, loyalty and perceived success). This is a comparative study of two search engines – Google and Baidu – from Chinese netizens' perspective, based on the structural equation modeling of 2151 valid questionnaire responses. We found that the direct (firm) and indirect (country and industry) impact of triple contexts has explained 94% of the variations in netizens' views. Comparatively, the leading local and foreign search engines have performed superbly, but significantly differently although the firm context has exerted equal impact on both firms. Rather than simultaneous impact, a chain relationship is evident toward brand performance. The findings can aid managers' understanding of the triple-contextual relationships, their different degrees of influence on brand performance, and the comparative advantages and disadvantages of local and foreign brands in the international arena.

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1. Introduction

Customer and brand relationship has attracted scholarly attention because customers drive corporate brand performance (e.g. Goodman, Fichman, Lerch, & Snyder, 1995; Oliveira-Castro et al., 2008; Rust, Zeithaml, & Lemon, 2004). Extensive studies about this relationship encompass themes as such: brand standardization or adaptation across borders (e.g. Francis, Lam, & Walls, 2002; Roth, 1995); comparison between local and global brands (e.g. Ozsomer, 2012; Schuiling & Kapferer, 2004; Steenkamp, Batra, & Alden, 2003), and cultural impact on brands (e.g. Eckhardt, 2005; Francis et al., 2002; Guzmán & Paswan, 2009). This relationship is conducive to international brand loyalty, and can help firms maximize their effectiveness (Tsai, 2011).

Meanwhile, early studies have also recognized the power of triple contexts on brand performance, including market environment,

competition and firms themselves (Gao, Pan, Tse, & Yim, 2006; Wong & Merrilees, 2007). However, it seems indistinguishable as to which context plays more significant a role. This is a long-run debate in the business studies, let alone in the narrower field of brand analyses. For example, the study of dual influence of industry and firms on brand performance asserts that competitive intensity and firm characteristics complement each other rather than compete (O'Cass & Ngo, 2007b). The understanding about the dual influence on firm performance is limited within theory and practice, and even less understood at the brand level (op cit).

Further to prior work, we argue that the triple contexts can help explain consumer behaviors and their perceived views of brand performance. We intend to contribute knowledge to customer-brand performance in the international context and examine how the triple contexts impact on customer-based brand performance (CBBP – brand satisfaction, loyalty and firm success). Accordingly, two objective questions guide our focus:

o How significant is CBBP measured by brand satisfaction, loyalty and perceived success? We compare and contrast the degree of significance between local and foreign firms.

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o To what extent, the triple contexts affect CBBP? As a result, we are able to compare the direct and indirect relationships for local and foreign firms.

We are motivated to fill voids in the studies of customer-brand performance relationship. Firstly, the combinative power of triple contexts on brand performance needs attention from customers' perspective. Single theory approach is inadequate to explain complex and unstable business phenomena, particularly when cross-border activities are involved (Peng, Sunny Li, Pinkham, & Hao, 2009). Research should therefore focus on identifying the variables that measure corporate brands (Knox & Bickerton, 2003).

Secondly, our research emphasizes the international context of corporate brand studies. Prior work weighs on product brands over corporate brands (Balmer & Gray, 2003), product brands over service brands, and US and EU brands over brands in other countries (Whitelock & Fastoso, 2007). However, corporate brands are more complex due to multiple stakeholders (Cheney & Christiansen, 1999) and corporate social responsibilities (Knox & Bickerton, 2003). Brands in other countries are also emerging (Guzmán & Paswan, 2009) within their environment, competition and firm operations. Consumers thus determine brand variations based on their knowledge and experience and, make firms confront with the decision of brand improvement, and customization when internationalization needs to take place.

Finally, we conduct a comparative study of two corporate brands – Google, a global brand and Baidu, a dominant Chinese brand – after screening the entire search engine industry in China. The two search engine firms occupied over 95% of the industry in China before Google's retreat to Hong Kong. Market leaders like them are not lack of media exposure (e.g. blogs and online discussions) and professional highlights (Huang, 2010), but its systematic theory-based study is yet to take place (e.g. it is unclear how the archrivals are compared and contrasted from netizens' perspective). China has growing consumer desire for domestic and global brands (e.g. products and services) with the accumulation of knowledge and experience (Chang & Chieng, 2006).

2. Literature critique and hypotheses

What companies do, what competitors react and what country environment endows define how customers perceive a brand (Boulding, Kalra, Staelin, & Zeithaml, 1993), and how customers perceive a brand determine their brand action. Their action

consequently has a direct bearing on the company's brand performance. Early studies have confirmed that many factors are inter-related to play a role (Wong & Merrilees, 2007) and external market environment, competition and brand themselves can all influence brand performance (Gao et al., 2006).

However, debates remain as to which factor plays a salient role and how these factors are related. For example, Peng et al. (2009) and Gao, Murray, Kotabe, and Lu (2010) stress the significant impact of institutions based on their theoretical and empirical studies respectively. O'Cass and Weerawardena (2010) address the industry and firm relationship and confirm that competitive intensity creates a challenging environment to motivate managers to commit their strategic resources for customers, thereby enhancing brand performance. However, they admit that factors that impact on brand success are not well understood.

Further to prior work, we argue that customers' understanding on country, industry and firm environments of brand arbitrates their judgment as to how the brand has performed (Fig. 1). This argument can help the study of consumer-brand performance relationship and responds to the call for comprehensively examining brand antecedents and consequences (Keller & Lehmann, 2006). The remainder of this section focuses on Fig. 1 to critique prior work and formulate hypotheses.

2.1. Corporate brand performance

Corporate brand performance can be measured by the overall effectiveness perceived by stakeholders as well as financial and operational factors (e.g. sale growth, profit, geo-spread, market share (Hult et al., 2008; Venkatraman & Ramanujam, 1986). Overall perceived effectiveness measures how stakeholders (e.g. managers, shareholders, and consumers) perceive performance based on their knowledge and experience (e.g. views on reputation, survival, goal achievement, and success relative to competitors). Prior work has rarely used the three types of measure simultaneously, but more commonly selected one or two due to constraints of data, time and capacity (Hult et al., 2008). Accordingly, our paper uses the overall effectiveness perceived by customers as a measure of brand performance, namely customer-based brand performance (CBBP). We argue below that customer satisfaction, loyalty and perceived brand success are significant variables for CBBP.

2.1.1. CBBP and customer satisfaction

Theoretically, customers must have a positive expectation before using a brand. Expectations and disconfirmation are determinants of

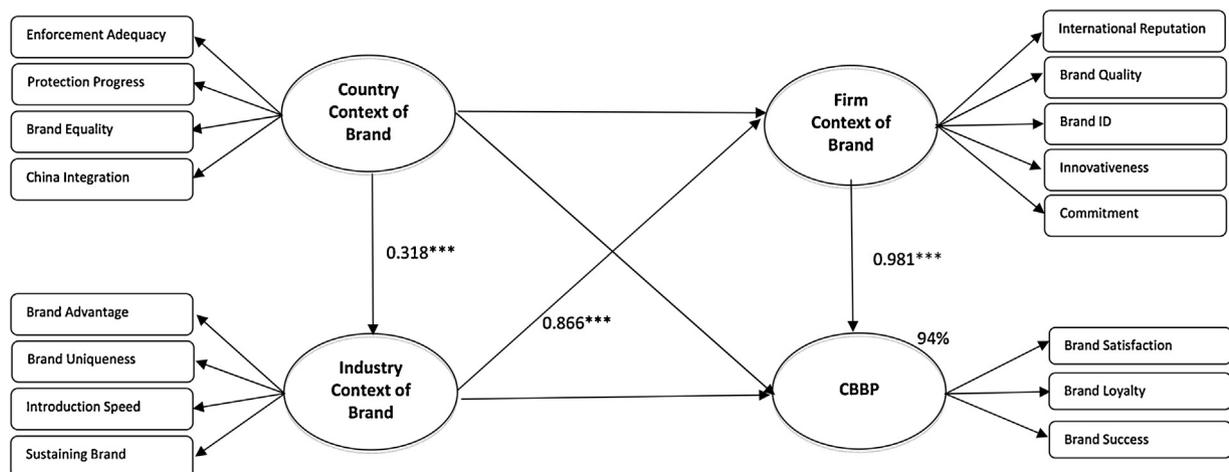


Fig. 1. Original model: country, industry and firm contexts on the customer-based brand performance.

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