

# The Effect of Green Events on Cultural Corporate Image and Purchasing Intention

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## Abstract

*The mainstream marketing studies have been focusing on the effect of events on the sales. The purpose of this study is to empirically prove the effect of events on corporate images and purchasing intention and the difference in the effect according to the frequency of participation in the same events.*

*This study conducted a survey, targeting 490 participants in some specific events that have continued under the same theme over the last 10 years. The results prove there is a difference in corporate image and purchasing intention between before and after the event, which means that events have a positive, yet there is no difference in the effect according the frequency of event participation. Furthermore the corporate image built through events has a positive effect on purchasing intention*

**Keywords:** *event, corporate image, purchasing intention, communication*

## 1. Introduction

In recent years the importance of corporate image is increasing. Most products are entering the stage of maturity, accumulated technical advancement dissipates the technical competitive advantage and discriminatory elements decrease accordingly. Thus corporate image influences the product awareness and purchasing intention. In other words, consumers are likely to purchase the products made by companies with good corporate images if the features of products are the same (Morwitz & Schmittlein, 1992). The purchasing intention is one of the topics dealt with most frequently in marketing studies. It is because the results of many studies prove that there is a positive correlation between the purchasing intention and the purchasing behavior (Morwitz & Schmittlein, 1992).

Until the late 1990s, the one-sided mass communication through mass media has been suggested as the most effective method. However Aaker claimed in 'Harvard Business Review' that the Mass Communication through the traditional mass media is inefficient and ineffective and then Non-Mass Communication has emerged as an alternative tool for marketing communication (Aaker & Joachimsthaler, 1997). Among them the event holds the limelight as a communication tool that improves corporate image and purchasing intention. It is because the event makes message senders and message receivers feel the interpersonal chemistry and makes the isolated mass media receivers breathe, feel and share in the same site (Choi, 2001).

Thus the event is instrumental to the corporate image and purchasing intention. However the mainstream marketing studies have been focusing on the effect of events on the sales. In contrast, the studies on the effect of events on corporate image have seldom been conducted. The effect of mass media on the communication can be quantitatively measured by the

measuring methods- Reach, Frequency and Gross Rating Points(GRP's), yet no distinct measuring indicators for non-mass media communication has been suggested.

The purpose of this study is to suggest the directions for the event to be established as a more efficient communication tool by analyzing the effect of the event activities on purchasing intention and the effect of corporate image on purchasing intention; and furthermore empirically prove whether it is desirable for companies to continue the same event for a long period of time by examining the variation in corporate image and purchasing intention according to the frequency of event participation.

## **2. The Theoretical Background of the Research Hypotheses**

### **2.1. Event**

An event is a means to individually and directly stimulate specific subjects in specific places and during the specific period of time for specific purposes (Lee & Ahn & Ha, 2006). An event is a communication activity that is planned with intention and executed to accomplish specific purposes-sales promotion or creating the corporate preference (Goldblatt, 1997). Thus the event, a communication media with strong human factors, has the feature that deliverers and receivers meet each other on the spot through events and figures. The direct experience on the spot bring outstanding perceptual effect to the audience and the audience can have long-term memory, which will in turn leads to the improvement of the awareness and preference for companies and brands.

### **2.2. Corporate Image**

The corporate image 'the aggregate of the public's attitude-belief, thoughts and impression- towards companies' rules the individual attitude and behaviors towards the subjects and is influenced by the holistic communication that embraces all the human and physical components of specific companies. Thus a corporate image is formed in the minds of the public through their contact with companies (Dutka & Roshwalb, 1983). A corporate image is the image of a company itself rather than the brands or products of that company and thus is a holistic concept with which people associate a specific company (Kunkel, 1968). The Marton & Boddenwyn argued that a corporate image is not owned by companies, yet is something that has a decisive effect on the individual response to a specific subject (Marton & Boddenwyn, 1978). In this context, a corporate image is not a logical element, yet the product of human senses.

### **2.3. Purchasing Intention**

The purchasing intention- a mediating variable between attitude and behavior- has been used to predict the future behaviors by marketing managers and economists (Assael, 1998). The purchasing intention is the conscious plan of individuals who make an effort to purchase a specific brand (Spears & Singh, 2004). Blackwell et al. argued that purchasing intention means a planned behavior in the future and thus is the probability- beliefs and attitudes develop into actual purchase (Blackwell & Miniard & Engel, 2006).

The measuring methods of purchasing intention include a method that measures the presence of purchasing intention and the degree of purchasing intention by using a simple Likert scale and a method that determines purchasing intention by measuring the time between intention and action. The latter method supplements a method that

measures only the intention in the purchasing intention –behavior theory, and measures purchasing intention, purchasing possibility and purchasing probability that can be used in a consumer survey (Lee & Ahn & Ha, 2006). Purchasing intention measurement variables include purchasing intention, consideration intention and recommendation intention (Assael, 1998).

#### **2.4. The Effect of an Event on a Corporate Image**

An event prompts consumer interest and attracts consumers to the event, which leads to a positive corporate image. Winter argues that the marketing image by a corporate behavior is instrumental to the formation of an overall corporate image; when there is an unfavorable corporate image or when the public issues take a greater portion, the image of social contribution is the most important element (Winters, 1986). Herbig Milewecz reveal that consumers are likely to be in favor of new products of a company with good reputation and discuss the importance of a corporate image that makes successful companies and products (Herbig and Milewicz, 1995). Based on this, Hypothesis 1 was established.

Hypothesis 1: There is a difference in a corporate image between before and after event.

1-1: There is a difference in a corporate image according to the frequency of event participation

#### **2.5. The Effect of an Event on Purchasing Intention**

The data from a survey on the effect of an event on sales promotion show an event lets the participants have a favorable feeling, which leads to the improvement of product image and an associated effect (Keith, 1980). In addition, Also, many researchers insist that positive brand recognition shall enhance possibility to buy products or services (Brown & Stayman, 1992), and eventually it works as a decisive influence factor on purchasing (Keller, 1993). Based on this, Hypothesis 2 was established.

Hypothesis 2: There is a difference in purchasing intention between before and after event.

2-1: There is a difference in purchasing intention according to the frequency of event participation

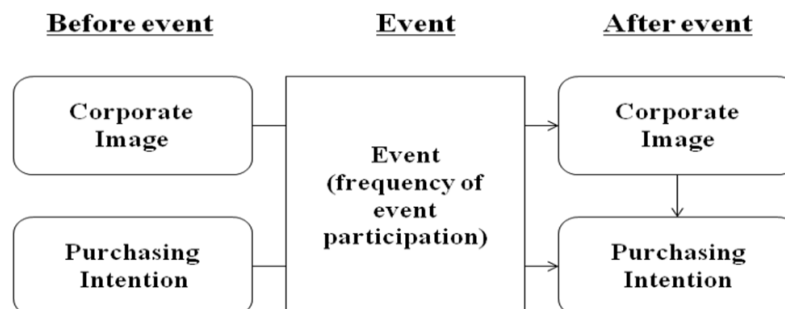
#### **2.6. The Effect of a Corporate Image on Purchasing Intention**

The Enkson, Johanson and Chao studied the effect of the country of origin on the belief and attitude in a survey on cars by assuming that image variables affect the formation of brand image and prompts an emotional reaction, which in turn affects the formation of attitude (Enkson & Johanson& Chao, 1984). The results of the study prove an image, in essence, is not emotional, yet affects beliefs through a reasoning process by consumers and furthermore an image indirectly acts on the evaluation of product quality by affecting the beliefs in the attributes such as reliability or durability rather than directly affecting the evaluation of products.

Loudon and Bitta (1987) see that a corporate image affects the purchasing intention of consumers, playing a role in pre-sales. Powerful and distinct corporate images increase consumer trust in products (Enkson & Johanson& Chao, 1984). The favorable corporate image increase the purchasing intention towards the products of the

corresponding company (Loudon & Bitta, 1987). The corporate image playing a role in pre-sales that affects the purchasing intention of consumers make contribution to the sale promotion. In summary, the corporate image affects the purchasing intention directly and indirectly. Based on this, Hypothesis 3 was established.

Hypothesis 3: A corporate image has a positive effect on purchasing intention.



**Figure 1. Research Model**

### 3. Research Methods

#### 3.1. The Development of Questionnaire

The questionnaire consists of a total of 14 questions regarding corporate image and purchasing intention used in the previous studies. To determine the priority of the elements affecting the formation of a corporate image, the respondents were requested to mark the priority in the list of items-a use of products, corporate advertisement, stories about relatives and neighbors, editorial, events and contact with executives and staff. Next the respondents were asked to answer 2 questions regarding the product image in general and purchasing intention before events. Next, to examine the effect of events on corporate image, the respondents were requested to answer 9 questions (3 questions for each 'social responsibility', 'superiority of company' and 'product competitiveness'. As for the purchasing intention, the respondents were requested to answer 2 items-'consideration intention' and 'recommendation intention'.

#### 3.2. How to Select Survey Targets and Collect Data

A questionnaire survey was conducted in the event of one company in Jeonjoo, Jeonbuk, Korea under the theme 'environment'. This event was a drawing and writing contest targeting the elementary school and middle school students in Jeonjoo and this year was the 10th anniversary of the event. The survey targeted 1,050 parents participating in this event. They were men and women in their 30s~50s and had children- most of them were elementary school students. 1,050 copies were distributed and 490 copies (49%) were returned voluntarily after the event. The responses were processed by using SPSS 15.0 and Amos 7.0.

## 4. The Results of the Analysis

### 4.1. An Analysis of the Characterization of Respondents

As for the general characteristics of respondents, of 490 respondents, 25.1% was men and 74.9% was women; 30s (60.2%) and 40s (38.4%) were far more than 50s (1.4%). As they participated in a specific event, the results were different from the demographic component ratio by age. Regarding the question about the frequency of event participation, 63.3% answered: 1~2 times, 25.9% answered: 3~4 times, 7.6% answered: 5~6 times, 1.4% answered: 7~8 times and 1.8% answered: 9~10 times.

**Table 1. The Demographic Analysis of Respondents**

Classification		Frequency	Percent
Gender	M	123	25.1
	F	367	74.9
Age	30s	295	60.2
	40s	188	38.4
	Above 50s	7	1.4
Frequency of event participation	1~2times	310	63.3
	3~4times	127	25.9
	5~6times	37	7.6
	7~8times	7	1.4
	9~10times	9	1.8

### 4.2. Factors Affecting the Formation of Corporate Image

The priority of order in the factors affecting the corporate images was surveyed. The results showed the respondents think the experience of products (#1.9 on an average basis) and the corporate image have the greatest effect (#2.6 on an average basis), indicating that the advertisement, a typical mass media, still has the power. As for non-mass media, the event-the theme of this study- and editorials, and stories about relatives and neighbors took the 3rd ~5th place (#3.5 and #3.8 on an average basis). 'Contact with executives and staff' took the 6th place (#5.4 on an average basis), showing there is no significant effect on a corporate image.

**Table 2. Factors Affecting the Formation of Corporate Image**

Item	Mean rank	Rank
Experience of products	1.9	1
Corporate advertisement	2.6	2
Editorial	3.5	3
Event	3.8	4
Stories(relatives/neighbors)	3.8	5
Contact with executives and staff	5.4	6

#### 4.3. Reliability / Validity Test

As The results of reliability test show corporate image Cronbach's Alpha value is 0.890, and purchasing intention is 0.883- 0.913 on the whole-, indicating there is the internal reliability. To verify whether the attributes to measure are reflected accurately, an exploratory factor analysis was conducted. The results show all variables are grouped well and the total variance ratio that can be explained by a total of 4 factors is 77.4%, indicating high explanatory power. KMO (Kaiser-Meyer-Olkin) value indicating the validity of a factor analysis is 0.903, higher than the standard values, which proves each factor has different concept.

#### 4.4. Hypothesis Test and Discussion

A t-test was conducted to examine the variation in a corporate image between before and after event in Hypothesis 1. The result showed the variation in corporate image ( $t = -6.642$ ,  $p < 0.001$ ) between before and after event, indicating an event has a positive effect on corporate image.

**Table 3. Hypothesis 1: The Effect of an Event on Corporate Image**

	Mean	S. D.	T	Significance probability
Ante-corporate image	5.12	1.14259	-6.642	.000(***)
Post-corporate image	5.46			

\*\*\* $p < .001$

A t-test was conducted to examine the variation in the purchasing intention between before and after the event in Hypothesis 2. The result showed the variation in the purchasing intention ( $t = -7.365$ ,  $p < 0.001$ ) between before and after event, indicating an event has a positive effect on purchasing intention.

**Table 4. Hypothesis 2: The Effect of an Event on Purchasing Intention**

	Mean	S. D.	T	Significance probability
Ante-purchasing intention	5.24	1.25748	-7.365	.000(***)
Post-purchasing intention	5.66			

\*\*\* $p < .001$

The effect of a corporate image on purchasing intention in Hypothesis 3 was investigated by using a structural equation model. The results showed the path coefficient is .986, C.R. is 13.136 ( $p < 0.001$ ), indicating a corporate image has a positive effect on purchasing intention.

**Table 5. Hypothesis 3: The Effect of Corporate Image on Purchasing Intention**

Path	Path-coefficient	Standard Error	C.R.
Corporate image → Purchasing intention	.986	.075	13.136(***)

\*\*\* p<.001

Furthermore the variation between corporate image and purchasing intention according to the frequency of event participation was tested. The results showed there is a variation between the event participation 1-2 times and the event participation 3-4 times, yet there is no variation in other frequency of event participation.

**Table 6. Hypothesis 2-1, 2-2: A Variation in the Effect of a Corporate Image on Purchasing Intention according to the Frequency of Event Participation**

Contents	Frequency of event participation	Mean Difference	S.E.	Significance
Corporate Image (Hypothesis 1-2)	1~2 times -3~4 times	-.410	.093	.000(***)
	1~2times -5~6 times	-.477	.154	.018(*)
	1~2 times -7~8 times	-.122	.338	.996
	1~2times -9~10times	-.582	.299	.295
	3~4times- 5~6 times	-.067	.165	.994
	3~4times-7~8 times	.288	.343	.919
	3~4times -9~10times	-.172	.305	.980
	5~6times -7~8times	.355	.365	.867
	5~6times -9~10times	-.105	.329	.998
	7~8times -9~10times	-.460	.446	.841
Contents	Frequency of event participation	Mean Difference	S.E.	Significance
Purchasing Intention (Hypothesis 2-2)	1~2times -3~4times	-.621	.117	.000(***)
	1~2times -5~6times	-.451	.193	.136
	1~2times -7~8times	-.470	.425	.803
	1~2times -9~10times	-.946	.376	.088
	3~4times -5~6times	.170	.208	.925
	3~4times -7~8times	.151	.431	.997
	3~4times -9~10times	-.325	.383	.915
	5~6times -7~8times	-.019	.458	1.000
	5~6times -9~10times	-.495	.413	.751
	7~8times -9~10times	-.476	.560	.914

\*\*\* p<.001 \*\*p<.01 \*p<.05

## 5. Conclusions and Suggestions

The purpose of this study is to investigate whether an event is a useful communication tool under the circumstance where companies have the difficulties in differentiating marketing activities due to the wise purchasing behaviors of consumers and the intensified competition in the market and thus seek the new measures to enhance the corporate images and improve consumers purchasing intention. The results prove a corporate image can be improved through mass media advertisement and an event-a customer relationship communication tool.

Companies are able to improve corporate images and furthermore purchasing intention by seeking a wide range of events that appeal to consumers and developing aggressive communication activities. However an increase in event participation does not necessarily mean the proportional improvement of a corporate image and purchasing intention, which means developing events under a wide range of theme is more effective than continuing the event under the same theme.

This study also has some limitations. The events in some specific areas were surveyed and the characteristics of the respondents were not close the demographic characteristics (age and gender) of those areas. Thus it is difficult to generalize the results of this study. Furthermore whether the corporate image and purchasing intention measured were the result of the corresponding events were not fully tested. A comparison of the effectiveness of events and media after implementing a wide range of customer relationship communication facilitating a meeting between companies and customers on the spot without a help by mass media deems to be an interesting topic of future studies.

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