

# The Influence of Social Responsibility Image Relative to Product and Service Quality on Brand Loyalty: An Exploratory Study of Quick-service Restaurants

By Allen Z. Reich, Yueying Hazel Xu, and Ken W. McCleary

*Social responsibility (SR) is becoming an increasingly significant component of many firms' strategic planning decisions. Research has shown that consumers tend to reward socially responsible behavior. However, there has been little testing of the construct in the hospitality industry. Additionally, when other important variables that influence consumer brand loyalty are considered, will brand social responsibility image (BSRI) still play a significant role? This study investigates the importance of SR and its impact on brand loyalty, relative to product quality and service quality in the quick-service restaurant industry. The authors were also interested to learn whether BSRI impacted consumers' image of product and service quality. It was found that BSRI had a positive impact on brand loyalty, product quality, and service quality. However, product quality was a significantly stronger predictor of brand loyalty than BSRI. Where the vast majority of studies of SR have utilized scenario analysis of hypothetical firms, this study utilizes consumers' perceptions of a real-world firm.*

## INTRODUCTION

Social responsibility (SR) is an important issue in the hospitality industry (Font, 2004). With all its potential and perceived benefits, research into this area has been limited (Erffmeyer, Keillor, & LeClair, 1999). SR has been shown to have a positive influence on consumer behavior (Clarke & Bell, 1999). However, does it play a critical role in helping a firm gain an advantage over its industry peers (Cone, Feldman, & DaSilva, 2003) and can it improve the perception of various strategies of the firm, such as product quality decisions (Brown & Dacin, 1997)? With limited resources, should a firm focus on building up its SR image or work on improving its product and service quality?

Surprisingly, the vast majority of related research has not measured this important relationship by directly studying consumers' perceptions of real-world firms. Instead, measurement has been accomplished indirectly either through scenario analysis of hypothetical firms (Godfrey, Merrill, & Hansen, 2009; Maignan & Ferrell, 2000) or anecdotal evidence of real-world firms (Ambec & Lanoie, 2008). Will a real-world application of the theory produce the same results as a study

based on hypothetical firms? Would validity and perhaps a better understanding of a firm's SR result from attempting to describe consumers' perceptions and behavior concerning real-world firms' relevant socially responsible actions?

Managerial knowledge of the role of SR is critical because there is a correlation between its perceived importance and the attitude and behavior of industry leaders (Pinkston & Carroll, 1996). Knowing that there is a significant relationship between brand SR image and brand loyalty may serve to convince internal stakeholders that SR (in its many manifestations) may be an important strategic option. To assess its relative importance, it was decided to compare it to what are generally perceived to be two of the most important predictors of brand loyalty, product quality and service quality (Jacobs, van der Merwe, Lombard, & Kruger, 2010). Along this same theme, Salmones, Crespo, and Bosque (2005) found that corporate SR was a significant predictor of service quality, but not of loyalty. Consequently, the authors hope to provide a better understanding of the importance and impact of SR on brand loyalty. To learn about other important potential influences of SR, it was decided to include product- and service-quality in this research. The works of Pirsch, Gupta, and Grau (2006), Klein and Dawar (2004), Schnietz and Epstein (2005), and Brown and Dacin (1997) showed that corporate SR has a positive impact on various aspects of the firm's image. Most notable for the current study was Brown and Dacin's (1997) finding that a positive SR image could improve a firm's product image.

Specifically, this study examines the impact of SR relative to product and service quality on brand loyalty. It also attempts to determine whether a brand's SR image can improve the brand's image for product and service quality. Quick-service restaurants were selected as the focus of this study because of their importance in the foodservice industry (Richards & Padilla, 2009). The goal in this research was to learn whether the previously tested SR relationships found in other industries hold up when applied to the quick-service segment of the foodservice industry (i.e., test for predictive validity), and to do so by analyzing a real-world firm.

## RESEARCH OBJECTIVES

The primary objectives were to learn whether brand SR image influences brand loyalty for quick-service restaurants, and to determine the influence of SR on brand loyalty relative to product and service quality. It was also desired to learn of any possible indirect effects (halo effects) of brand SR. It was hoped that this would help validate previous research and be of value both to those concerned about society and those concerned about showing the highest reasonable profit.

## LITERATURE REVIEW

The literature review covers SR's impact on consumer behavior. The measurement of product and service quality, and of brand loyalty, are also discussed.

### Social Responsibility

Cognitively, SR is a general belief or value that refers to a broad range of normative obligations (Enderle & Tavis, 1998). Examples include, but are not limited to demonstrating interest in the environment, contributing money or time to local charitable organizations, being environmentally conscious, acting ethically toward internal and external stakeholders (Collier & Esteban, 2007; Rugimbana, Quazi, & Keating, 2008), and acting morally as an individual manager (Enderle & Tavis, 1998; Gustin & Weaver, 1996). SR is closely aligned with the study of ethics (Galindo & Cuevas, 2008) and morals (Caruana, 2007). It is very similar to Quality-Of-Life issues as researched by Sirgy (1996), in that Q-O-L research focuses on measurable improvements in a firm's strategies toward consumers and other stakeholders. It is also associated with the constructs of social responsiveness (Beliveau, Cottril, & O'Neill, 1994) and social performance (Stanwick & Stanwick, 1998). Lozano (1996) used *business ethics* as a term superordinate to SR. With ethics being a value (Fritzsche, 1995), and a value being an abstract ideal (Rokeach, 1965), SR, according to Lozano (1996), would be a value hierarchically lower in order than ethics. In other words, SR is a dimension of business ethics.

Having been empirically shown to result in increased brand loyalty, increased likelihood of purchase (Du, Bhaattacharya, & Sen,

2007), financial gains (Pava & Krausz, 1996; Salas & Dev, 2003), and reputation (Sotorrio & Sanchez, 2008), SR is significant to business as more than just a popular social issue. Salas and Dev (2003) studied the relationship between corporate social responsibility and financial performance for thirty hospitality firms and found the relationship to be highly correlated. In a summary of 21 empirical studies by Pava and Krausz (1996), 12 showed a positive correlation between SR and various measures of financial performance, eight showed neither a negative nor a positive correlation, and only one of the studies showed a negative relationship. Du et al. (2007) found that the SR image had a positive effect (i.e., halo effect) both on purchase likelihood and on long-term brand loyalty. Padelford and White (2009) argued that an individual's ethical orientation was a significant predictor of his or her consumer beliefs. In the U.S. and worldwide, studies have shown that substantial percentages of consumers are concerned about corporate SR. For example:

- 60% of U.S. consumers would be more likely to buy a firm's products and services if they knew the firm was mindful of the importance of being socially responsible (Hein, 2007);
- 57% of U.S. consumers were more loyal to firms that were socially responsible (Hein, 2007);
- 84% of U.S. consumers said that if a firm supported good causes, and the price and quality were the same, they would switch brands (Bhattacharya & Sen, 2004);
- 82% of U.S. consumers would pay more for products that were environmentally friendly (Gustin & Weaver, 1996);
- 58% of British consumers felt that it is important for firms to act ethically (Page & Fearn, 2005);
- 92% of Canadians' purchase decisions are affected by a firm's reputation for SR (Fliess, Hyung-Jong, Dubreuil, & Agatiello, 2007); and
- 92% of consumers in a Roper Starch Worldwide survey felt that it was important for marketers to find ways of being good corporate citizens (Krol, 1996).

Pirsch et al. (2006) examined the impact of institutionalized corporate social responsibility (CSR) (being socially responsible in everything the firm does—marketing, employee policies, communicating to stockholders, etc.) versus promotional CSR (related activities that drive sales, such as giving a portion of sales for a certain day to a charity). On a seven-point scale, consumer loyalty for the hypothetical firm that utilized institutional CSR was 4.626, while consumer loyalty for the hypothetical firm utilizing promotional CSR was 23% lower, at 3.747. Not surprisingly, skepticism was greater with promotional CSR (3.737) than for institutional CSR (4.499). Positive attitudes toward the company were higher with institutionalized CSR (6.216) than for promotional CSR (5.315). Du et al. (2007) in a similar study found that consumers valued CSR efforts more if they were ingrained in the business's core strategy (e.g., selling only free-range chickens), rather than simply giving to charities. Becker-Olsen, Cudmore, and Hill (2006) also found that promoting social initiatives positively influenced consumers.

Further evidence of the value of a socially responsible image was provided by Goll and Rasheed (2004), Klein and Dawar (2004), and Schnietz and Epstein (2005). Each study found that businesses with a reputation for being socially responsible created goodwill that would help minimize the impact of a crisis (i.e., halo effect). Over any extended period of time, firms will find themselves in various types of crises (e.g., a restaurant's reputation suffers because a few people become ill). Intuitively, if socially responsible goodwill is valuable during a crisis, it should be valuable during normal operations. Kamal and Jauhari (2007) found that if two hotels were equal, except that one had a reputation for SR, consumers were inclined to select the socially responsible hotel. However, despite the preference for socially responsible firms, consumers were not willing to pay a premium for SR strategies. The advantage comes only if the hotel is equal to or better than competing properties in the core attributes they were seeking. In fact, Kasim (2004), in a study of Malaysian hotels, found that SR was not a significant predictor of consumer preference for about 85% of the (non-American) consumers. Consumers valued price, quality, and physical attributes more than SR. From these two studies it was learned that consumers value personal benefits over activities that benefit the environment.

In one of the most frequently referenced articles on SR, Brown and Dacin (1997) studied how SR affects product evaluation. Their research focused on differences between the impact of Corporate Social Responsibility (CSR) and Corporate Ability (CA) associations (“associations related to the company’s expertise in producing and delivering its outputs,” p. 69). In their first study, students analyzed hypothetical scenarios. The results showed that CA associations had a significant effect on product evaluations by influencing perceptions of product attributes and the holistic/overall image of the firm (i.e., halo effect). The authors felt that SR did not impact product attributes directly, but rather did so indirectly by impacting the firm’s holistic image. Brown and Dacin’s (1997) second study replicated the first, except with fictitious products of actual companies. The major change from the first study was that Product Social Responsibility became a significant predictor of Product Evaluation. Brown and Dacin measured CSR associations with, (a) (brand) has a concern for the environment; (b) (the company) is involved in local communities; and (c) gives to worthy causes. Items were measured on a 7-point semantic differential scale with anchors of *very unfavorable* and *very favorable*.

Maignan and Ferrell (1999) studied the antecedents and consequences (benefits) of corporate citizenship. They defined *corporate citizenship* as “the activities and organizational processes adopted by businesses to meet their social responsibilities” (p. 456). The sample consisted of business decision-makers. The authors developed a corporate citizenship scale exclusively for this study. They based this scale on Carroll’s (1999) four dimensions of corporate social responsibility: economic, legal, ethical, and discretionary citizenship.

### ***Brand loyalty***

Consumers’ attitudes are often studied to measure their impact on purchase behavior; however, these attitudes can also be used to determine preference (Smith, Terry, Manstead, Louis, Kotterman, & Wolfs, 2008), intention (Ajzen & Fishbein, 1980), loyalty (Chaudhuri, 1999), and brand equity (Keller, 1993). Behavior involves an explicit *action* by a certain target market, often in a certain context and time. Intention and preference are successively more ambiguous, with *intention* being a

consumer's expressed likelihood of purchase and *preference* being an attitude designating a consumer's affinity toward one brand relative to other brands. *Brand loyalty* expresses various measures of both brand attitudes and purchase habits. *Brand equity* concerns the added value of a firm's name, based on brand knowledge, awareness, and image. Chaudhuri and Holbrook (2001) among many others (Chaudhuri, 1999; Iwasaki & Havitz, 2000; Pritchard, Havitz, & Howard, 1999; Punniyamoorthy & Raj, 2007) believed that both brand attitudes and buying habits encompass the measurement of brand loyalty. An apparent few maintained that past purchases alone denote brand loyalty (Baldinger & Rubinson, 1996). Chaudhuri and Holbrook (2001) and Pritchard, et al. (1999) measured brand loyalty as two distinct constructs-- purchase/behavior-based loyalty and attitude-based loyalty--while most researchers combined the two measures into one construct, brand loyalty. Chaudhuri (1999) specified three advantages of having brand loyal customers: they (1) require less advertising; (2) have the greatest level of repeat purchases; and (3) are willing to pay a premium for the product or service. In a later study, Chaudhuri and Holbrook (2001) divided brand loyalty into purchase loyalty and attitude-based loyalty. Purchase loyalty influenced market share, but not the relative price the consumer was willing to pay, while attitude-based loyalty influenced relative price, but not the firm's market share. Interestingly, market share was not correlated to relative price. Punniyamoorthy and Raj (2007) agreed that brand loyalty was composed of both attitude and behavioral components. The strongest predictor of brand loyalty in their research was repeat purchases, followed by functional value, commitment, and emotional value.

Jacoby and Chestnut (1978), in a frequently referenced monograph, listed 53 tested indices for operationalizing attitude-based loyalty, behavior-based loyalty, and composites of the attitude and behavior measures. These researchers simply presented their conceptualization of the subject and the results of various studies. Most authors viewed brand loyalty as a single construct, but Pritchard et al., 1999 justified the two-construct brand loyalty measurement ; they decided there was a need to develop the attitudinal component of brand loyalty (i.e., a conceptual, rather than empirical justification). Based on the work

of Jacoby and Chestnut (1978), Chaudhuri and Holbrook (2001), and Pritchard et al. (1999), it was decided to measure brand loyalty as two distinct constructs.

### ***Product and service quality***

Certainly, the most popular means of measuring service quality is the SERVQUAL scale, developed by Parasuraman, Zeithaml, and Berry (1988). It measures service quality in five dimensions: (1) tangibles (physical facilities are up to date and visually appealing, equipment is up to date, and personnel are well dressed); (2) reliability (timely, dependable, and accurate service); (3) responsiveness (promptness); (4) assurance (knowledge, courtesy, trustworthiness); and (5) empathy (individualized attention and caring attitude). Quality was assessed as the difference between expectation and perception. A problem with its application to foodservice is its lack of attention to one of the most important aspects of a restaurant's product--food (Dubé, Renaghan, & Miller, 1994). The reason for this absence is that the purpose of the SERVQUAL scale was to measure only service (Parasuraman et al., 1988). The original SERVQUAL article of 1988 specifies the scale was developed "for measuring customer perceptions of service quality" (Parasuraman et al., p. 5). Also, the firms in their study (appliance repair, retail banking, long-distance telephone, and credit cards) are heavily focused on service, with minimal degrees of tangibility associated with their actual product.

The following three studies also used SERVQUAL-type models without measuring food quality. Lee and Hing (1995), in a study using SERVQUAL for restaurant operations (i.e., the production aspects of food and service), focused only on service quality, as did Stevens, Knutson, and Patton (1995). Bojanic and Rosen (1992) similarly focused on service, not food, and through factor analysis uncovered a six-construct model (tangibles, reliability, responsiveness, assurance, knowing the customer, and access). Here too, tangibles did not include food. The absence of product quality from most SERVQUAL studies raises this question: Is it possible to measure service quality exclusively, when tangible product quality may account for a large percentage of a customer's overall perception of quality? For example, in completing a SERVQUAL-type questionnaire, what is the bias (measurement error)

created by deleting the quality of the physical product--the food? Would the results of SERVQUAL be the same if the food were mediocre or superb (halo effect)?

Since the seminal work of Parasuraman et al. (1988), several researchers have attempted to measure restaurant quality by including the product quality construct. One of the few studies to incorporate food in a SERVQUAL-related scale was Dubé, Renaghan, & Miller, 1994; however, the absence of reliability coefficients made valid interpretation questionable. Lehtinen and Lehtinen (1991) determined that service quality for restaurants was based on three dimensions: (1) physical quality (food); (2) interactive quality (interaction between customer and provider); and (3) corporate quality (the history of the business and what the customers think of it). Food or product quality was simplistically measured by menu choices and the taste of the food--not adequate for a comprehensive analysis of food quality. Keillor, Holt, and Kandemir (2004) studied the impact of product quality, service quality and servicescape (e.g., design, functionality, and social factors) on behavioral intentions for fast food restaurants and grocery stores in eight countries. Product quality was measured with (1) product excellence; (2) variety; and (3) being among the best available options. For U.S. fast food restaurants and grocery stores, product quality was found to be most important, followed by service quality. Servicescape did not significantly impact behavioral intentions for fast food restaurants, though it did for grocery stores. Though the Keillor et al. research was a very interesting study, product quality, again, was measured in a less than comprehensive manner. Overall, it appears that the construct of product quality for restaurants has not received the attention it deserves. Reasons could include the topical nature of service and the service industry, and the difficulty of separating the food experience from the service experience. Meiselman (2001) wrote of the complexity of measuring food quality on its own merits, separate from customers' varying perceptions, and the situational and consumption context. He also asserted that food should play a more integral role in assessing overall service quality in food service.

Perhaps the most comprehensive study focused on both food and service quality was that of Oh and Jeong (1996). In a study of quick service restaurants, the authors utilized variables derived from National Restaurant Association research. The variables were subjected twice to factor analysis, once for expectations and once for perceptions (performance). The product quality attributes for each factor analysis application (expectations and performance) were identical--tastiness of food, food quality, portion size, ingredient freshness, temperature of food, and price of food. Customers' expectations for service quality-related attributes included quick food delivery, employees' greeting, responsiveness, and employee attitude. Customers' perceptions of performance for service-related variables included quick food delivery, no waiting, employee attitude, employees' greeting, responsiveness, and menu item availability. Service-related attributes for expectations and performance were the same except for the addition of *no waiting* and *menu availability* in the perceptions category. Of the two additional variables included in service quality-related variables for the performance factor analysis, *no waiting* and *menu availability*, no waiting could be subsumed under responsiveness. This perception is supported by the research of Parasuraman et al. (1988) as they utilized responsiveness in the cognitive sense as promptness. There is no clear justification for menu availability other than the perceived lack of convenience. Intuitively, menu availability is an issue more associated with casual- or fine-dining, than with quick-service restaurants. With limited menus and heavy reliance on frozen products and items prepped outside the restaurant (e.g., pre-cut lettuce and onions), running out of items in the quick-service segment is a rare occurrence. The results of their research identified an  $R^2$  of .37 between the restaurant's performance on product and service quality-related variables and customer satisfaction.

## METHOD

Survey questions were selected from those previously tested by well-referenced researchers (see Tables 1.1 and 1.2 for Source of Scales). All variables were measured with a 7- point semantic differential scale as they were in the original research. The sampling plan selected was a convenience sample, a method that is commonly used in ethics-based

research (Brown & Dacin, 1997; Rallapalli, Vitell, Wiebe, & Barnes, 1994). Rallapalli, Vitell, Wiebe, and Barnes (1994) wrote that convenience samples are acceptable as long as the study is exploratory and respondents are familiar with the questions being asked. Since the current test is exploratory in nature, it is more efficient to test it first on a convenience sample before testing it with a more expensive mail survey on a probability or random sample. Regression was selected because it is appropriate for testing the specified relationships and it has been used by other researchers in similar studies (Goll & Raheed, 2004; Sotorrio & Sanchez, 2008).

The questionnaire was tested on hospitality students prior to implementation on the selected sample frame. The reliability of each of the scales was tested using Cronbach's Alpha. According to Nunnally and Bernstein (1994), an alpha of .7 is acceptable for exploratory studies. The alphas of all scales were between .88 and .93. Content and face validity were accomplished through the reviews of experts in scale construction (academic faculty members) and from input from consumers (students and academic staff). The questions were viewed as valid and understandable for the study. Convergent validity was examined internally by testing the correlation of single-item scales that measure Brand Social Responsibility Image, Product Quality Image, Service Quality Image, and Brand Loyalty with the items used to measure each construct. In each case convergent validity was supported; the variable used to test this form of validity was highly correlated with each other variable in its scale ( $r^2$  of .496 to .838 and  $p < .000$ ).

**Table 1.1**  
**Source of scales for measuring BSRI, PQ, and SQ**

Independent Variables	Scale Type	Modified from:
<b>Brand Social Responsibility</b>		
1. Concern for the environment	Likert type scale ranging from 1-7	Brown and Dacin (1997)
2. Involvement in the community	(1 = disagree completely to 7 = agree completely)	Maignan and Ferrell (1999)
3. Corporate giving		
4. Attempts to improve the quality of its products		
5. Cleanliness		
6. Quality-of-life offered to employees is higher than other similar restaurants		
7. Overall social responsibility		
<b>Product Quality</b>		
1. Tastiness of food	Likert type scale ranging from 1-7	Oh and Jeong (1996)
2. Portion size	(1 = disagree completely to 7 = agree completely)	
3. Ingredient freshness		
4. Temperature of food		
5. Value		
6. Overall food quality		
<b>Service Quality</b>		
1. Employee greeting	Likert type scale ranging from 1-7	Oh and Jeong (1996)
2. Employee attitude	(1 = disagree completely to 7 = agree completely)	
3. Overall service quality		
4. Quick food delivery		
5. No waiting		

**Table 1.2**  
**Sources of scale for measuring brand loyalty**

Brand Loyalty	Scale type	Modified from:
1. I am very loyal to brand X.	Likert type scale ranging from 1-7	Reynolds and Arnold (2000)
2. I would highly recommend brand X to my friends.	(1 = disagree completely to 7= agree completely)	Pritchard, Havitz, and Howard (1999)
3. I would continue to dine at brand X even if the price was higher.	0-9%, 10% up to 25%, 25% up to 40%, 40% up to 55%, 55% up to 70%, 70% up to 85%, 85% up to 100%	Chaudhuri and Holbrook (2001)
4. Of the times you purchase fast food, approximately what percentage is at brand X? (This scale was converted to a seven point scale for the final analysis.)	Likert type scale ranging from 1-7 (1 = disagree completely to 7 agree completely)	
5. In the future, I intend to keep buying from brand X.		
6. The next time you go to a fast food restaurant, how likely is it to be brand X?		

## RESULTS

### Data Collected

A total of 175 surveys was collected. The data were gathered by intercept surveys of 90 students at a university in the Southwestern U.S. and 85 intercept surveys collected from 45 shoppers at a prominent regional multi-unit grocery chain, 27 from employees at a regional hospital, 13 from faculty and staff at a university. An incentive was provided in the hope of increasing the likelihood of shopper participation. The incentive was a drawing for a first prize of \$125.00 and a second prize of \$75.00. The combination of survey collection methods was adopted because the collection strategy of intercept interviews was

not highly successful. It was found that the vast majority of businesses queried had policies that prohibited intercept interviews of patrons. Additionally, in spite of the prizes, getting people to complete the intercept surveys was challenging. Therefore, another source of surveys for the study was sought. Civic organizations and churches were considered but not selected because of their potential positive bias in the SR survey. Subsequently, the previously discussed 90 surveys were collected from students in introductory hospitality classes and hospitality technology classes at a school of hospitality management.

A t-test was used to see whether there were any significant differences between the intercept surveys and those of students. The results showed that there were no significant differences at the .05 level ( $p < .05$ ) between the responses of students and intercept respondents for the constructs of the study. After data screening, 172 surveys were usable. Some 47.7% of respondents were students, 53.3% had yearly household incomes below \$30,000, and 64.9% were below 30 years of age; the respondents represented a typical quick-service restaurant demographic (Ayala-Taylor & Long-Tolbert, 2002).

**Table 2**  
**A demographic profile of the sample**

Intercepts or students (N=172)	Frequency	Percentage
Intercepts	90	52.3%
Students	82	47.7%
Gender (N=170)		
Male	64	37.6%
Female	106	62.4%
Age (N=171)		
Up to 20	44	25.7%
21-30	67	39.2%
31-40	19	11.1%
41-50	28	16.4%
51-60	9	5.3%
61 and older	4	2.4%

Yearly Household Income (N=162)		
Up to \$15,000	44	27.2%
\$15,001-30,000	39	24.1%
\$30,001-45,000	17	10.5%
\$45,001-60,000	29	17.9%
\$60,001-75,000	16	9.9%
\$75,001-100,000	8	4.9%
100,000 and more	9	5.6%

The total number may not add up to the total number of respondents (n-175) due to missing data.

### ***Measurement of brand loyalty***

Factor analysis was run on the two-construct scale for brand loyalty (i.e., attitude and behavior), and the findings were contradictory to previous research, such as Pritchard et al. (1999). All the items designed for both Attitude-based Brand Loyalty (ABL) and for Behavior-based Brand Loyalty (BBL) loaded on the same factor (see Table 3), and therefore were measuring the same construct.

In reviewing the work of Chaudhuri (1999) and Pritchard et al. (1999, both of whom justified the two-construct brand loyalty measurement, it was found that their decisions were based on the conceptual needs of the research, rather than on empirical justification (i.e., not through a statistical technique such as factor analysis). Chaudhuri and Holbrook (2001) stated that, “our notion of brand loyalty in this study includes both purchase loyalty and attitudinal loyalty” (p. 3). They did not, however, test or profess to test their “notion” to see whether there were in fact two distinct constructs. Hence, brand loyalty in the current study was a single-dimension construct and was used for further analysis.

**Table 3**  
**Factor analysis of brand loyalty**

	Factor 1	Eigenvalue	Total variance explained
I would highly recommend McDonald's to my friends. (ABL)	0.896		
The next time you go to a fast food restaurant, how likely is it to be McDonald's? (BBL)	0.887		
I am very loyal to McDonald's. (ABL)	0.887		
I would continue to dine at McDonald's even if the price was higher. (ABL)	0.880	4.467	74.45%
In the future, I intend to keep buying from McDonald's! (BBL)	0.844		
Of the times you purchase fast food, approximately what percentage is at McDonald's? (BBL)	0.777		
KMO=0.899. Bartlett's Test of Sphericity is significant at 0.001			

***Statistical analysis***

To examine the effects of brand social responsibility image (BSRI), product quality (PQ) and service quality (SQ) on brand loyalty (BL), multiple regression was selected because of its use in similar studies (Goll & Raheed , 2004; Sotorrio & Sanchez, 2008) and because it fits the purpose of the study: whether brand social responsibility can predict brand loyalty when compared to product quality and service quality. Multiple regression can also find out which independent variables are most important in predicting consumers' brand loyalty by analyzing the strength of the relationship between the three variables and brand loyalty. The responses for each variable were summated to get an average value.

Before running the multiple regression, correlations among independent variables were checked to test whether the assumption of non-multicollinearity was met. As shown in Table 4, the correlation

coefficients among BSRI, SQ, and PQ are all below 0.60, indicating there is no substantial multicollinearity among the independent variables in the regression model. In order to find out the predicted strength of the three independent variables for brand loyalty, the sequential/stepwise method was adopted to specify the regression model.

**Table 4**  
**Correlation matrix**

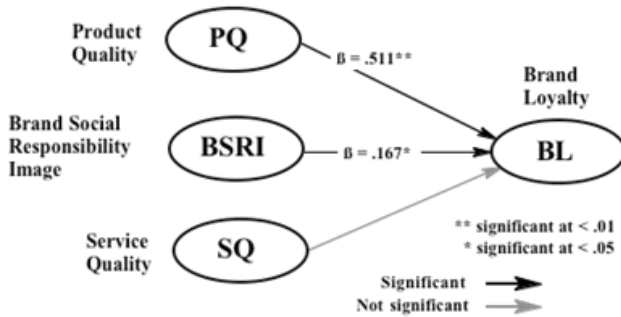
		BSRI	PQ	SQ	BL
BSRI	Pearson Correlation	1	<b>0.540**</b>	<b>0.469**</b>	<b>0.431**</b>
	N	169	168	166	162
PQ	Pearson Correlation	0.540**	1	<b>0.482**</b>	<b>0.598**</b>
	N	168	171	169	165
SQ	Pearson Correlation	0.469**	0.482**	1	<b>0.386**</b>
	N	166	169	169	164
BL	Pearson Correlation	0.431**	0.598**	0.386**	1
	N	162	165	164	165

The following results showed that the total regression model was significant ( $F=48.377, P=0.000$ ) (see Table 5). However, one of the independent variables, SQ, was excluded from the model. It was found that in the first step, PQ was entered in the mode. In the second step both PQ and BSRI were included, while SQ was left out. Therefore, service quality was not a significant predictor of brand loyalty for this study. BSRI and PQ explained a total variance of 37.2% of BL. But PQ was by far the most important attribute in influencing consumers' brand loyalty, accounting for most of the variance (35.6%). Adding BSRI improved the model with a significant F change of 5.121 ( $p < .025$ ), meaning BSRI was also a significant predictor of brand loyalty. The standardized beta for PQ was 0.511, and for BSRI it was 0.167. Both the betas were significant at the 0.05 level (see Figure 1).

**Table 5**  
**Multiple regression: effects of BSRI, PQ, and SQ on BL**

<i>Dependent Variable: Brand Loyalty (BL)</i>					
<i>Model Summary</i>					
Method: Stepwise					
	Step 1 (PQ)	Step2 (PQ+BSRI)			
Multiple R:	0.600	0.616			
R Square:	0.360	0.380			
Adjusted R Square:	0.356	0.372			
Standard Error:	1.096	1.082			
<i>Excluded Variables</i>	BSRI, SQ	SQ			
<i>ANOVA (Step 2)</i>					
	df	Sum of Squares	Mean Square	F	Sig.
Regression	2	113.373	56.687	48.377	0.000
Residual	158	185.138	1.172		
Total	160	298.511			
<i>Independent Variables</i>					
Variables	Coefficient	Standardized $\beta$	t	Sig.	
Constant	-0.806		-1.605	0.110	
PQ	0.596	0.511	6.930	0.000	
BSRI	0.238	0.167	2.261	0.025	
Note: BSRI-social responsibility image, PQ-product quality, SQ-service quality, BL-brand loyalty					

**Figure 1**  
**The Influence of Brand Social Responsibility Image**  
**Relative to Product and Service Quality on Brand**  
**Loyalty in Quick-service Restaurants**



The work of Brown and Dacin (1997) highlighted the potential for the indirect effect (i.e., halo effect) of SR on a brand's overall image through product quality. Therefore, it was decided to test for this relationship in the current study. In other words, part of the effect of PQ on BL could come from the effect of BSRI on PQ. To test the interaction effect of BSRI and PQ on BL, the two variables BSRI and PQ were standardized and a cross product of them was obtained as the interaction term BSRI\*PQ (Pulakos, 1984). The three variables were then entered hierarchically into a new regression model with BL as the dependent variable. The results in Table 6 show that the R Square change for BSRI\*PQ was significant ( $F$  change=4.134,  $P=0.044$ ), indicating that adding the interaction term to the model could explain more variance of BL in the regression model. The standardized  $\beta$  of BSRI\*PQ was 0.069 ( $P=0.044$ ). So we can conclude that there is a significant interaction effect between BSRI and PQ on BL.

**Table 6**  
**Test of the interaction effect of BSRI and PQ on BL**

*Dependent Variable: Brand Loyalty (BL)*

*Independent Variables: BSRI, PQ, BSRI\*PQ (Standardized Scores)*

**Model Summary**

Method: Hierarchical

Enter

	<i>BSRI</i>	<i>BSRI+PQ</i>	<i>BSRI+PQ +BSRI*PQ</i>
Multiple R:	0.431	0.613	0.626
R Square:	0.186	0.376	0.392
Adjusted R Square:	0.181	0.368	0.380
R Square Change	0.186	0.190	0.016
Standard Error:	1.233	1.084	1.073
F Change	36.549	48.348	4.134
<b>Sig. F Change</b>	<b>0.000</b>	<b>0.000</b>	<b>0.044</b>

**ANOVA**

	df	Sum of Squares	Mean Square	F	Sig.
Regression	3	117.172	39.057	33.911	0.000
Residual	158	181.979	1.152		
Total	161	299.151			

**Coefficients**

Variables	Standardized $\beta$	t	Sig.
Constant	0.241	31.299	0.000
BSRI	0.175	2.387	0.018
PQ	0.528	7.191	0.000
BSRI*PQ	0.069	2.033	0.044

Note: BSRI-social responsibility image, PQ-product quality, SQ-service quality, BL-

brand loyalty

Since BSRI positively affects the image of a firm through product quality, it can be inferred that BSRI has a halo effect on the firm's product image and perhaps on other variables of concern to the customer. To find out which individual SR practices influence the image of product and service, and subsequently brand loyalty, three stepwise multiple regressions were run, with the items used to measure brand social responsibility image as the predictor variables (see Table 1.1 for the variables), and product quality, service quality, and brand loyalty as the dependent variables. Table 7 shows the results of the regressions. It was found that "attempts to improve quality of service /products" and "attempts to keep restaurant clean" were the most important practices for influencing customers' perception of product quality for quick-service restaurants. Interestingly, these two practices were also the most important predictors of customers' loyalty to the restaurant. On the other hand, "attempting to keep restaurant clean" and "giving to worthy causes" influenced the perception of service quality. While cleanliness and attempts at improving product quality were significant predictors of product quality and brand loyalty, surprisingly, the restaurant's concern for the environment and its involvement in local communities had no effect on product quality, service quality, or brand loyalty.

**Table 7**  
**Multiple regressions: effects of BSRI on PQ, SQ, and BL**  
 (To test which specific BSRI practices/predictors impact PQ, SQ, and BL)

Model	Predictors: BSRI items	Standardized coefficient	<i>p</i> -value	Tolerance	<i>R</i> <sup>2</sup>
PQ	McDonald's attempts to improve quality of service/products	0.38	0	0.52	<b>0.322</b>
	McDonald's attempts to keep restaurant clean	0.234	0.009	0.52	
SQ	McDonald's attempts to keep restaurant clean	0.346	0	0.815	<b>0.247</b>
	McDonald's gives to worthy causes	0.238	0.002	0.815	
BL	McDonald's attempts to improve quality of service/products	0.249	0.012	0.527	<b>0.195</b>
	McDonald's attempts to keep restaurant clean	0.231	0.02	0.527	

\* The table shows only items that have significant values below .05 ( $p < .05$ )

The image of the brand for SR influences the consumer's perception of both the firm's product and service quality. The results of this research supported the work of Brown and Dacin (1997), who found a positive and significant relationship between corporate social responsibility (CSR) and the consumer's perception of both the firm and its products.

## DISCUSSION AND IMPLICATIONS

BSRI is becoming an increasingly popular and important topic in business. The key is understanding how to utilize it to one's best advantage. The results from the study show that of the three variables (BSRI, PQ, SQ) tested as antecedents to brand loyalty, product quality is the strongest predictor of brand loyalty, followed by brand social

responsibility image. Service quality was ruled out from the regression model, indicating it had no significant impact on customers' brand loyalty when compared to product quality and SR image. This finding makes intuitive sense in that quick-service restaurants, being convenience products, are generally not sought out for high levels of unique service. Because this was an exploratory study on a convenience sample, further studies should be done to validate these findings.

From this study we can conclude that in quick-service restaurants, consumers will be loyal to those brands that offer quality food and have an image of being socially responsible. However, it should be noted that although brand SR image is a significant predictor, its effect on brand loyalty is much weaker relative to that of product quality. Customers will consider food quality as the most important factor of their loyalty to a quick-service restaurant. It is logical to postulate that customers favor restaurants with high PQ but low BSRI over restaurants with high BSRI but low PQ. But further research can be conducted to find out how customers trade-off between the two factors.

The significant but weak effect of BSRI on BL can be explained by the study of Du et al. (2007) that suggested that SR should be a good way to build meaningful long-term relationships (i.e., it helps brand loyalty), but of less value for generating short-term increases in sales. Building a positive SR image contributes to a brands' long-term reputational capital and improves its brand equity. Since restaurant operators have limited resources, they should focus their efforts primarily on offering tasty and high quality foods, and secondarily on being socially responsible. However, efforts to increase the SR image of a brand will pay off by improving customers' loyalty, and their perception of product and service quality, and therefore, create a competitive advantage for the brand.

This study has shown that a positive perception of a brand's SR image has a positive influence on brand loyalty and customers' perception of product quality and service quality. Specifically, this study showed that SR perceptions related to cleanliness and attempts at improving product quality had the strongest impact on product quality and brand loyalty, while cleanliness and giving to worthy causes had the strongest impact on

service quality. This positive perception shows that the *halo effect* of BSRI plays an important role in the development of customers' perceptions of product quality and service quality. Conversely, brand managers must be aware that low perceptions of their level of SR may result in lower perceptions of product quality, service quality, and brand loyalty. Consequently, as managers develop strategies that attempt to improve brand loyalty and perceptions of product and service quality, they should consider their brand social responsibility image, especially as it relates to those consumers who rate the brand's BSRI as high.

Where the vast majority of SR research has focused on hypothetical firms and consumers' opinions of them, this research focused on consumers' opinions of a real-world firm, McDonald's. While the overall results are compatible with much of the existing research, real-world results should provide marketers with information that is more actionable and perhaps more valid.

## **LIMITATIONS**

The data from this research were drawn from a convenience sample; therefore, statistical results cannot be held to the same standard as those from a probability sample. The convenience sample is, however, quite common in ethics research (Brown & Dacin, 1997) and the results have been similar to that found in probability samples (Reynolds & Arnold, 2000). The sample size of 175 is higher than the 148 of the frequently referenced Dacin and Brown (1997) study of SR, but not as high as other studies. For example, the Singhapakdi, Vitell, and Franke (1999) and Reynolds and Arnold (2000) SR studies had sample sizes of 453 and 388, respectively. This study analyzed various relationships using a single firm, McDonald's. The results might be different for other quick-service restaurants, for full-service restaurants (table-service), or for firms in other industries.

## **FUTURE RESEARCH**

Because of their overall impact on the firm and its Brand Social Responsibility Image, each of the items in the SR scale merit further study (i.e., showing concern for the environment; being involved in local communities; giving to worthy causes; attempting to improve the quality

of its products and services; attempting to keep its restaurant clean; offering a higher quality-of-life to its employees than other, similar restaurants; and being a socially responsible brand). Knowing which are most important in the determination of a brand's social responsibility image and which have the greatest influence on brand loyalty should be of value to both practitioners and researchers. There is more to learn from the relative strength of each in determining the brand's SR image and how they might influence brand loyalty and other perceptions of the brand. Consumers' perceptions of and justifications for one brand's SR image relative to that of another brand should also be of interest. Since it was shown that the quality-of-life of the restaurant's employees is viewed as important to customers, it would be interesting to know whether an increased emphasis in this area would result in increases in customer satisfaction.

This research showed that a brand's social responsibility image (BSRI) influences consumers' perceptions of a brand's product quality, service quality, and brand loyalty. The domain of the study was quick-service restaurants. It should be of interest to learn if the findings would change for different types of hospitality products, such as hotels and different classes of products (e.g., convenience, shopping and specialty products).

## References

- Ajzen, I., & Fishbein, M. (1980). *Understanding attitudes and predicting social behavior*. Englewood Cliffs, NJ: Prentice Hall.
- Ambec, S., & Lanoie, P. (2008). Does it pay to be green? A systematic overview. *Academy of Management Perspectives*, 22(4), 45-62.
- Ayala-Taylor, G., & Long-Tolbert, S. (2002). Coupon promotions in quick-service restaurants. *Cornell Hotel & Restaurant Administration Quarterly*, 43(4), 41-48.
- Baldinger, A. L., & Rubinson, J. (1996). Brand loyalty: The link between attitude and behavior. *Journal of Advertising Research*, 36(6), 22-35.
- Becker-Olsen, K. L., Cudmore, B. A., & Hill R. P. (2006). The impact of perceived corporate social responsibility on consumer behavior. *Journal of Business Research*, 59(1), 46-54.
- Beliveau, B., Cottrill, M., & O'Neill, H. M. (1994). Predicting corporate social responsiveness: A model drawn from three perspectives. *Journal of Business Ethics*, 13, 731-738.
- Bhattacharya, C. B., & Sen, S. (2004). Doing better at doing good: When, why, and how consumers respond to corporate social initiatives. *California Management Review*, 47(1), 1-12.
- Bojanic, D., & Rosen, D. (1994). Measuring service quality in restaurants: An application of the SERVQUAL instrument. *Hospitality Research Journal*, 18 (1), 3-14.
- Brown, T. J., & Dacin, P. A. (1997). The company and the product: Corporate associations and consumer product responses. *Journal of Marketing*, 61, 68-84.
- Carroll, A. B. (1999). Corporate social responsibility. *Business and Society*, 38, 268-295.
- Caruana, R. (2007). Morality and consumption: towards a multidisciplinary perspective. *Journal of Marketing Management*, 23, 207-225.

- Chaudhuri, A. (1999). Does brand loyalty mediate brand equity outcomes? *Journal of Marketing Theory and Practice*, 7, 136-146.
- Chaudhuri, A., & Holbrook, M. B. (2001). The chain of effects from brand trust and brand affect to brand performance: The role of brand loyalty. *Journal of Marketing*, 65(2), 81-93.
- Clarke, A., & Bell, P. A. (1999). The influence of attitude priming and social responsibility on the valuation of environmental public goods using paired comparisons. *Environment & Behavior*, 31, 838-857.
- Collier, J., & Esteban, R. (2007). Corporate social responsibility and employee commitment. *Business Ethics: A European review*, 16(1), 19-33.
- Cone, C. L., Feldman, M. A., & DaSilva, A. T. (2003). Causes and effects. *Harvard Business Review*, 81, 95-101.
- Enderle, G., & Tavis, L. A. (1998). A balanced concept of the firm and the measurement of its long-term planning and performance. *Journal of Business Ethics*, 17, 1129-1144.
- Erffmeyer, R. C., Keillor, B. D., & LeClair, D. T. (1999). An empirical investigation of Japanese consumer ethics. *Journal of Business Ethics*, 18, 35-50.
- Du, S., Bhattacharya, C. B., & Sen, S. (2007). Reaping relational rewards from corporate social responsibility: The role of competitive positioning. *International Journal of Research in Marketing*, 24, 224-241.
- Dubé, L., Renaghan, L. M., & Miller, J. M. (1994). Measuring customer satisfaction for strategic management. *Cornell Hotel & Restaurant Administration Quarterly*, 35(1), 39-47.
- Fliess, B., Hyung-Jong, L., Dubreuil, O. L., & Agatiello, O. (2007). CSR and trade: Informing consumers about social and environmental conditions of globalised production. *OECD Papers*, 7(1), 1-69.
- Font, X. (2004). Corporate futures: Social responsibility in the tourism industry. *Journal of Sustainable Tourism* 12(4), 356-357.

- Fritzsche, D. J. (1995). Personal values: Potential keys to ethical decision making. *Journal of Business Ethics*, 14, 909-922.
- Galindo, M. A., & Cuevas, J. (2008). The role of ethics in economics and management: Galbraith-Drucker approaches. *International Advances in Economic research*, 14, 242-246.
- Godfrey, P. C., Merrill, C. B., & Hansen, J. M. (2009). The relationship between corporate social responsibility and shareholder value: an empirical test of the risk management hypothesis. *Strategic Management Journal*, 30, 425-445.
- Goll, I., & Rasheed, A. A. (2004). The moderating effect of environmental munificence and dynamism on the relationship between discretionary social responsibility and firm performance. *Journal of Business Ethics*, 49, 41-54.
- Gustin, M. E., & Weaver, P. A. (1996). Are hotels prepared for the environmental consumer? *Hospitality Research Journal*, 20, 1-14.
- Hein, K. (2007). Good things Come to brands that give. *Brandweek*, 48, 6.
- Iwasaki, Y., & Havitz, M. E. (2000). A path analytic model of the relationships between involvement, psychological commitment, and loyalty. *Journal of Leisure Research*, 30, 256-270.
- Jacobs, S., van der Merwe, D., Lombard, E., & Kruger, N. (2010). Exploring consumers' preferences with regard to department and specialist food stores. *International Journal of Consumer Studies*, 34, 169-179.
- Jacoby, J., & Chestnut, R. W. (1978). *Brand loyalty: Measurement and management*. New York: John Wiley.
- Kamal, M., & Jauhari, V. (2007). Exploring consumer attitude and behavior towards green practices in the lodging industry in India. *International Journal of Contemporary Hospitality Management*, 19(5) 364-367.
- Kasim, A. (2004). BESR in the hotel sector. *International Journal of Hospitality & Tourism Administration*, 5(2), 61-83.

- Keillor, B. D., Holt, G. T. M., & Kandemir, D. (2004). A study of the service encounter in eight countries. *Journal of International Marketing*, 12(1), 9-35.
- Keller, K. L. (1993). Conceptualizing, measuring, and managing customer-based brand equity. *Journal of Marketing*, 57(1), 1-22.
- Klein, J., & Dawar, N. (2004). Corporate social responsibility and consumers' attributions and brand evaluations in a product-harm crisis. *International Journal of Research in Marketing*, 21, 203-217.
- Krol, C. (1996). Consumers note marketers' good causes: Roper. *Advertising Age*, 67, 51-56.
- Lee, U. L., & Hing, N. (1995). Measuring quality in restaurant operations: and application of the SERVQUAL instrument. *International Journal of Hospitality Management*, 14, 293-310.
- Lehtinen, U., & Lehtinen, J. R. (1991). Two approaches to service quality dimensions. *Service Industries Journal*, 11, 287-303.
- Lozano, J. M. (1996). Ethics and management: A controversial issue. *Journal of Business*, 15, 227-236.
- Maignan, I., & Ferrell, O. C. (1999). Corporate citizenship: Cultural antecedents and business benefits. *Journal of the Academy of Marketing Science*, 27, 455-469.
- Meiselman, H. L. (2001). Criteria of food quality in different contexts. *Food Service Technology*, 1(2), 67-77.
- Nunnally, J., & Bernstein, I. (1994). *Psychometric Theory*. New York: McGraw-Hill.
- Oh, M., & Jeong, M. (1996). Improving marketers' predictive power of customer satisfaction on expectation-based target market levels. *Hospitality Research Journal*, 19(4), 65-085.
- Padelford, W., & White, D. (2009). The shaping of society's economic ethos: A longitudinal study of individuals' morality of profit-making worldview. *Journal of Business Ethics*, 85(1), 67-75.

- Page, G., & Fearn, H. (2005). Corporate reputation: What do consumers really care about? *Journal of Advertising Research*, 45, 305-313.
- Parasuraman, A. Zeithaml, V. A., & Berry, L. L. (1988). SERVQUAL: A multiple-item scale for measuring consumer perceptions of service quality. *Journal of Retailing*, 64(1), 5-37.
- Pava, M. L., & Krausz, J. (1996). The association between corporate social-responsibility and financial performance: The paradox of social cost. *Journal of Business Ethics*, 15, 321-357.
- Pinkston, T. S., & Carroll, A. B. (1996). A retrospective examination of CSR orientations: Have they changed? *Journal of Business Ethics*, 15, 199-206.
- Pirsch, J., Gupta, S., & Grau, S. L. (2006). A framework for understanding corporate social responsibility programs as a continuum: An exploratory study. *Journal of Business Ethics*, 70, 125-140.
- Pritchard, M. P., Havitz, M. E., & Howard, D. R. (1999). Analyzing the commitment-loyalty link in service contexts. *Journal of the Academy of Marketing Science*, 27, 333-348.
- Punniyamoorthy, M., & Raj, M. P. M. (2007) An empirical model for brand loyalty measurement. *Journal of Targeting, Measurement & Analysis for Marketing*, 15, 222-233.
- Rallapalli, K. C., Vitel, S. J., Wiebe, F. A., & Barnes, J. (1994). Consumer ethical beliefs and personality traits: An exploratory analysis. *Journal of Business Ethics*, 13, 487-495.
- Reynolds, K. E., & Arnold, M. J. (2000). Customer loyalty to the salesperson and the store: Examining relationship customers in an upscale retail context. *Journal of Personal Selling & Sales Management*, 20, 89-88.
- Richards, T. J., & Padilla, L. (2009). Promotion and fast food demand. *American Journal of Agricultural Economics*, 91(1), 168-183.
- Rokeach, M. (1968). *Beliefs, attitudes, and values*. San Francisco: Jossey-Bass.

- Rugimbana, R., Quazi, A., & Keating, B. (2008). Applying a consumer perceptual measure of corporate social responsibility. *Journal of Corporate Citizenship*, 29, 61-74.
- Salas, T. & Dev, C.S. (2003), Brands that do good also do well. *HSM/MI Marketing Review*, 20(3), 40-43.
- Salmones, M. G., Crespo, A. H., & Bosque, I. R. (2005). Influence of corporate social responsibility on loyalty and valuation of services. *Journal of Business Ethics*, 61, 369-385.
- Schnietz, K. E., & Epstein, M. J. (2005). Exploring the financial value of a reputation for corporate social responsibility during a crisis. *Corporate Reputation Review*, 7, 327-345.
- Singhapakdi, A., Vitell, S. J., & Franke, G. R. (1999). Antecedents, consequences, and mediating effects of perceived moral intensity and personal moral philosophies. *Journal of the Academy of Marketing Science*, 27, 19-36.
- Sirgy, M. J. (1996). Strategic marketing planning guided by The Quality-of-Life (QOL) concept. *Journal of Business Ethics*, 15, 241-259.
- Smith, J. R., Terry, D. J., Manstead, A. S, Louis, W. R., Kotterman, D., & Wolfs, J. (2008) Role of norms, past behavior, and self-identity. *Journal of Social Psychology*, 148, 311-334.
- Sotorrio, L. L., & Sanchez, J. L. F. (2008). Corporate social responsibility of the most highly reputed European and North American firms. *Journal of Business Ethics*, (82), 379-390.
- Stanwick, P. A., & Stanwick, S. D. (1998). The relationship between corporate social performance, and organizational size, financial performance, and environmental performance: An empirical examination. *Journal of Business Ethics*, 17, 195-204.
- Stevens, P., Knutson, B., & Patton, M. (1995). DINESERV: A tool for measuring service quality in restaurants. *Cornell Hotel and Restaurant Administration Quarterly*, 36(2), 56-60.

**Allen Z. Reich** is Associate Professor, Franke College of Business, School of Hotel and Restaurant Management, Northern Arizona University; **Yueying Hazel Xu**, School of Tourism Management, Sun Yat-sen University; **Ken W. McCleary** is Professor, Hospitality and Tourism Management, Virginia Tech.