How corporate social responsibility influences customer repurchases intentions, customer word-of-mouth intentions and customer perceived food quality of fast-food restaurants in Hong Kong: the mediating effects of corporate reputation

by

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Abstract

Market studies indicate that Hong Kong consumers are affluent and generally live a trendy, refined lifestyle. As such, besides traditional food markets, Hong Kong’s free market economy has spawned various forms of food retailers, such as supermarkets, fast foods chains and fine dining restaurants, that contribute tremendously to its economy. In the face of fierce competition, companies in the food retail service industry are moving to differentiate themselves by embracing non-traditional, contemporary means of demarcation. One such means is by adopting corporate social responsibility (CSR) as a strategy for evoking positive customer behaviour towards the service. However, there is a dearth of research on CSR’s contribution to corporate reputation and its direct relationship with service industry eminent marketing concepts.

The retail industry is generally regarded as a service industry that either sells services or products. Fast food retailers are similar to any restaurant except they have a different concept of selling. Corporate reputation built using CSR provides the organisation with a competitive edge and sustainable business. This study investigated the role of CSR in building a better brand through corporate reputation and its effects on word of mouth intentions, repurchase intentions, and customer positively perceived food quality in Hong Kong’s fast food industry.

The research adopted a positivism paradigm and quantitative cross sectional approach, collecting data from 384 fast food restaurant patrons in Hong Kong. Five constructs were adopted from previous studies to identify the relationships between various antecedents and to test nine hypotheses.

It was found that there is a direct relationship between CSR and corporate reputation, which is considered to be an important tool for business sustainability. Furthermore, the study revealed the partial mediating effects of corporate reputation on the relationship between CSR and customer behaviour and intentions. CSR provides a competitive advantage to fast food businesses as it plays a huge role in inducing positive word of mouth, repeat purchases, and positively perceived food quality.
The study drew upon a broad swath of literature related to CSR, corporate reputation and customer behaviour and intentions. It identified CSR activities that would change customer behaviour and intentions. It has raised issues concerning the importance of CSR in changing customer behaviour and the pertinent partial mediating role played by corporate reputation in influencing CSR’s impact on customer behaviour and intentions. Findings from the study provide marketing information concerning CSR initiatives as well as verifying CSR-related theories, corporate reputation and marketing concepts. As service is known to vary according to the context in which it is offered, it is best for retail managers to identify CSR activities that best reflect their particular product or service. This will make it easier for customers to comprehend and evaluate, which will ultimately benefit Hong Kong’s fast food industry as a whole.