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Social Media Marketing and Consumer Based Brand Equity: A review of Literature

Authors

Mohammad Furqan Khan,

Research Scholar,

School of Business Studies,

Islamic University of Science and Technology

Dr. Anisa Jan,

Sr. Assistant Professor,

School of Business Studies,

Islamic University of Science and Technology

Abstract

This paper is an effort to explore the literature on the studies that have been conducted to investigate the relationship between social media marketing and brand equity. A detailed review of literature resulted in identification of various themes, based on the variables identified and context of the study. This review led to the various insights that are discussed in the conclusion section of the paper.

1. Introduction

A large Asian population has access to internet and more than 45.2% were exposed to internet by March 2017 (Internet world stats, 2017). India has the world's second largest population (46 crores) which is exposed to internet, which means more than 34% Indians have access to internet (Internet world stats, 2017). The figures in percentage looks smaller but the number of people exposed to internet and social media is very huge because of the large Indian population. In India with every passing second three internet users are added to its internet market (Maheshwari, 2016). The information technology market is growing everyday and the number of people exposed to social media websites in India is also increasing.

Social media has transformed how business is promoted and it has become a necessary platform for brand promotion to gain competitive advantage. Social media has drawn huge attention of the organizations which promote their products and services on virtual networks. According to Tuten & Solomon (2015), "Social media marketing is the use of social media to facilitate exchanges between consumers and organizations". Thus, it is a form of Internet marketing that utilizes social media websites as marketing tool. Social media provides organizations with huge opportunities to achieve their objectives, like building good relationships with customers, increasing rush to their retail outlets, enhancing various components of brand equity etc. Thus, organizations in different industries can take advantage by utilizing social media for promotion, building brand reputation, increasing presence on various social networks, and addressing consumer grievances.

By focusing on social media as the widely adopted marketing tool across digital platforms, this study attempts to investigate, how this new communication channel has been studied in the literature. The impacts of social media on brand equity is a topic of increasing interest to firms in the era of Facebook and Twitter but so far largely uninvestigated (Bruhn, Schoenmueller & Schaefer, 2012). In spite of the increasing adoption of the social media as a marketing tool, studies which explored the impact of social media marketing on the brand equity are insignificant.

2. Review of Related Studies

2.1 Functionality based approach

Babac (2011) carried out a research titled “Impact of Social Media Use on Brand Equity of Magazine Brands”. This study was conducted in Turkey on Vogue magazine and was an important attempt to investigate the impact of use of social media on brand equity. The Honey Comb model of Smith (2007) was used as a frame work for social media functionalities and four dimensions brand awareness, brand association, perceived quality and brand loyalty were used for brand equity. The study used qualitative (Interviews) as well as quantitative techniques (Statistics). Four hundred users were invited to fill the survey online whereas only 81 complete questionnaires were received back. Results showed that Identity and Conversations functionality has a positive impact on Brand Awareness, Presence and Sharing functionality has positive impact on Brand Association, Reputation functionality has a positive impact on Perceived quality and Relationships and Groups have a positive impact on Brand Loyalty.

Tresna and Wijaya (2015) carried out a similar study based on the Impact of social Media use on Brand Equity (ISMBE) model developed by Babac (2011), titled “Impact of social media on brand equity of Mall X”. This study was an attempt to study the impact of social media on brand equity of Mall X in Surabaya, Indonesia with a sample of 111 respondents. Honey comb model was used for the social media framework and for brand equity Akker’s (1991) four dimensions were used. Instagram was used as social media, therefore groups functionality was not used in the model. The results showed that identity and conversations functionality has a positive impact on brand awareness, sharing and presence functionality has a positive impact on brand association, reputation functionality has a positive impact on perceived quality and relationships has a positive impact on brand loyalty.

2.2 Consumer Engagement and Brand Equity

Zailskaite-Jakste *et al.*, (2012) conducted a research on “Consumer Engagement in social media by building the brand equity”. The purpose of this study was to study that how consumer engagement in social media websites is going to help in establishing brand equity. A model was developed based on the review of literature and then empirically tested. This research was carried out in Lithuania. The results revealed that when consumers get involved with the brands or organizations on social media, they contribute in establishing brand equity by communication, content generation and other actions. Results also suggested that consumer engagement on social media is possible only when consumers are motivated from inside to participate and cooperate.

Shojaee & Azman (2013) conducted a study “An Evaluation of Factors Affecting Brand Awareness in the Context of Social Media in Malaysia”. The purpose of their study was to assess the factors influencing brand awareness in Malaysia. A sample of 391 students was targeted in university of

Putra, Malaysia. The results showed that on virtual networks consumer engagement and brand exposure have positive relationships with brand awareness. Major recommendation of the study was that, organizations must take advantage of social media features to engage with consumers in order to increase their brand awareness.

2.3 Social media marketing and Brand Loyalty

Erdogmus & Cicek (2012) carried out a research titled “The impact of social media marketing on brand loyalty”. Brand loyalty is one of the most important dimensions of brand equity and this study was an attempt to investigate the impact of social media marketing on brand loyalty. This study targeted those consumers in Turkey, who had been following at least one brand on social media websites. A structured questionnaire was used to collect the primary data and a sample of 338 respondents was used for the data analysis. The results showed that brand loyalty of consumers is affected when 1) brands offer beneficial promotions 2) brands share trendy information with its customers 3) and when brands are available on various social media platforms.

2.4 Social Media Communication and Brand Equity

Bruhn *et al.*, (2012) conducted a study “Are social media replacing traditional media in terms of brand equity creation?” Purpose of this study was to examine the relative impact of brand communication on brand equity using social media compared to traditional media. A sample of 393 respondents, from three industries was targeted using online survey method. Structural equation modeling technique was used to test the data. Results indicated that both traditional as well as social media communication have positive substantial impact on brand equity. Social media communication has a strong impact on brand image whereas traditional media has a strong impact on brand awareness.

Schivinski (2013) conducted a research titled “Effects of social media communication on brand equity and brand purchase intention” in Poland. In this study Schivinski (2013) has studied the impact of two dissimilar social media communications on brand equity. A sample of 504 respondents was targeted by utilizing online survey method. Finally the data was analyzed by utilizing structural equation modeling technique. The results revealed that firm created social media communication as well as user generated communication influences consumer based brand equity, which finally impacts the purchase intention. The results also showed that there is a full mediation through UGC and purchase intention whereas limited mediation across content generated by firm and purchase intention.

A similar research was conducted by Zailskaite-Jakste and Kuvykaite (2013) titled “Communication in social media for brand equity building” in Lithuania. The purpose of this study was to investigate the impact of communication through social media on brand equity. A theoretical model was proposed in this research that explains how social media communication is used to influence brand equity. The qualitative and quantitative methods were utilized to show applicability of proposed theoretical model. Results showed that communication on social media helps in establishing brand awareness and positive brand image for an organization or product. The information related to brands or organizations on social media helps in building positive associations and affects the purchase intentions. Communication on social media can have a strong impact on brand equity only when there is a high level of consumer involvement.

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Zailskaite-Jakste *et al.*, (2016) carried out a research titled “Conceptualizing the social media communication impact on consumer based brand equity”. The aim of this study was to identify the effect of brand communication within virtual networks on brand equity by providing a conceptual model. Comparative method and systematic investigation of literature were used to propose a model. Results from this study provided a broad understanding of how brand communication in social media has a positive impact on brand equity dimensions i.e. brand awareness, brand association and brand loyalty. Communication between the consumers, as well as between consumers and the brand, have a positive impact on brand equity or its three dimensions. That means sponsored as well as non sponsored communication, both have a positive impact on brand equity. Further the results showed that consumer generated content produced during communication with organizations or other consumers, is capable of creating an impact on brand equity.

2.5 Online Brand Communities and Brand Equity

Brogi *et al.*, (2013) carried out a research titled “The Effects of Online Brand Communities on Brand Equity in the Luxury Fashion Industry”. The purpose of this research was to investigate the impact of online brand communities on brand equity. Eight online brand communities of luxury fashion brands were targeted for this study. A structured online questionnaire was used to collect the primary data and a sample of 456 was used for the data analysis. Result of this study revealed that brand community participation has a positive impact on brand awareness, brand association, brand loyalty and perceived quality of the brand.

Asad and Anas (2014) carried out a similar research in a different setting titled, “The Impact of Social Media Marketing on Brand Equity: An Empirical Study on Mobile Service Providers in Jordan”. This study was conducted on mobile service providers in Jordon and was an attempt to investigate the impact of social media marketing on brand equity. In this study five dimensions of the social media marketing are online communities, interaction, sharing of content, accessibility and credibility which were used to study their impact on brand equity. A sample of 450 respondents was used for analysis, and hypotheses were tested by using regression analysis. The results revealed that there is a significant positive impact of all the social media marketing indicators on brand equity of the Jordanian Wireless service providers.

2.6 Customer relationship and Brand Equity

Chou (2014) carried out a research titled “Social Media Characteristics, Customer Relationship and Brand Equity. This study was an attempt to study how social media is used to build customer

relationships which in turn impact brand equity. Survey method was used to collect the primary data and 177 responses were collected from professionals in Taiwan. Review of literature showed that three characteristics of social media influence the relationships with customers on virtual network that are interactivity, platform quality and knowledge sharing mechanism, which further helps in establishing brand equity. Results revealed that platform quality and knowledge sharing feature of social media helps in building customer relationships which in turn strongly impact brand equity.

2.7 Firm Generated Content and Brand Equity

Schivinsk *et al.*, (2015) carried out a research titled “The impact of brand communication on brand equity through Facebook”. This study was an attempt to investigate how firm generated content and user generated content effects consumer based brand equity dimensions using Facebook as a social media. Online survey was employed for data collection in Poland and 302 responses were evaluated using SEM technique. Results revealed that user generated content or communication has a positive impact on brand loyalty and perceived quality of a brand. Furthermore the results revealed that communication created by firm has no impact on purchase intentions.

2.8 E-word of Mouth and Brand Equity

Godey *et al.*, (2016) carried out his research titled “Social media marketing efforts of luxury brands: Influence on brand equity and consumer behavior”. This study was an attempt to investigate the impact of social media marketing of luxury brands and its impact on brand equity and consumer behavior. A sample of 845 consumers (Indian, French, Italian and Chinese), who follow one of the five brands (Louis Vuitton, Burberry, Hermès, Gucci and Dior) on social media was studied and finally analyzed through structural equation modeling technique. The study showed that how social media marketing efforts (entertainment, interaction, trendiness, customization, and word of mouth) have an impact on brand equity (brand awareness and brand image) and on consumer responses (brand preference, loyalty and price premium).

3. Conclusion

This detailed review leads to the following conclusions. There are some variable like, Social media Functionalities, Consumer Engagement, Social Media Communication and Online Brand Communities which have more than one studies conducted by scholars in different context. Still there is a huge gap in the literature, and many more variables can be explored. Also some variables like Customer relationship, Firm Generated Content and E-word of Mouth have single studies conducted, which shows a big gap in the literature. Further research can be conducted in these areas to further explore the relationship between indicators of social media and CBBE. The area of research is new and dynamic therefore the scholars will have to keep on exploring new variables to study social media marketing.

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