

Utilizing the Social Media for Creating Value among Consumers and their Effect on Purchase Intention

Krishn Pal Singh

p_krishn@yahoo.in

Abstract

Purpose – This research conceptualizes the relationships between social media and brand value, which are proposed to have an effect on purchase intention.

Design/methodology/approach – Extensive literature review has been undertaken to understand how social media is being employed by companies for benefiting their brand.

Practical implications – This framework should be useful to brand managers and companies for managing brand through social media and understanding the building block among social media, consumer and company.

Keywords

Social media, Brand personality, Brand loyalty, Brand quality, Brand value

Introduction

Social media is a digital platform where anyone can freely put their thoughts, views and share their experience. So business managers and marketers worldwide getting attention on this phenomena, are trying to update them with rapidly changing consumer behavior as well as harness the potential of this new online channel. Many luxury brands are using social media to effectively communicate with consumer (Kim and Ko, 2012). A study by Josh Bernoff (2010) on mobile internet users (in US) finds that 75% of Internet surfers used Social Media in the form of liking the fan page, post photos and videos and using social networking sites. Social media creates a platform where consumer and brands enhances two way communication. In addition, several surveys suggest that consumers are more and more placing reliance on social media to know and learn about unfamiliar and existing brands. A deep investigation by Beer and Burrows (2010) suggests that user-generated contents and social networking sites like Facebook and Twitter etc., have remarkable indications study of consumer cultures and their consumption patterns. Simultaneously, brands are progressively inserted in SNSs (e.g. Facebook and Twitter) and other variant forms of social media (e.g. YouTube), The competition between brands has become a battlefield where companies co-own their brands, companies direct competitive strategies, and update their brand as per consumer requirement (Heil et al.,

2010; Tynan et al., 2010). For marketers, social media has the power to achieve great results at very minimal cost, and in less time; however doing so creates incalculable risks that many businesses are not yet prepared to take. This research conceptualizes the relationships between social media and brand value, which are proposed to have an effect on purchase intention. The conceptual framework presented (Figure 1) herein was developed based on literature review on online consumer behavior, interactive marketing, and theoretical perspectives such as, community approach and consumer-based approach to brands. This conceptual paper makes an important contribution creating the fundamental linkages social media, brand value and purchase intention.

Literature Review and hypothesis development

Social media

There is limited academic literature which guides marketing manager about the role of social media in integrated marketing communication (Mangold and Faulds, 2009). For that reason, it makes sense to think carefully and come up with insight regarding social media applications in respect to motivational outcomes for brands. On the basis of two dimensions- social presence and self-disclosure social media applications can include collaborative projects (i.e. Wikipedia), blogs, content communities (e.g. YouTube), social networking sites(e.g Facebook, Twitter and LinkedIn) etc. (Kaplan and Haenlein, 2010).

According to OECD (2007) consecutive order of entries based on dates are known as blogs, it constitute the earliest form of social media. Blogs are usually managed by one individual and give opportunity to others for interaction through the addition of comments (Kalpan and Haenlein, 2010). Companies are using blogs to upgrade their employees, customers, and shareholders on important development issues, in this reference one good example is that of Jonathan Schwartz, CEO of Sun Microsystems, making better the lucidity of his company through sustaining a personal blog (Kalpan and Haenlein, 2010).

Communities are very popular channel between firms and consumers. For example, more than one billion unique users visit You-tube each month (Kaplan and Haenlein, 2010). Brand communities also have an significant role in promotion of a brand (McAlexander, Schouten, & Koenig, 2002), giving customers deep understanding of brand stories or culture, and collecting and sharing important information such as customer opinions, experiences and grievances about the products or services of the brand(Muniz &O'Guinn, 2001).

One important application of social networking sites is that it empower users to link with friends and colleagues by creating personal profile and sending friend request, sharing messages and emails (Kalpan and Haenlein, 2010). According to Wikipedia, the largest social networking sites in terms of users in U.S. based Facebook and MySpace. Number of companies are earlier using social networking sites to reinforce the formation of brand communities (Muniz &O'Guinn, 2001).

So, on the basis of literature review it is found that companies (like Amazon, MCDonald, Coca-Cola) are using these social media application, for managing brands and connecting with consumer. The present paper examines how social media create value for brand and enhancing purchase intention.

Brand

According to American Marketing Association brand is “a name, term, sign, symbol, or design, or a combination of them which is intended to identify the goods or services of one seller or a group of sellers and to differentiate them from those of competitors”. Brands are highly valuable assets for differentiating and identifying products of one firm among the existing competitors. A study by Keller (1993); Srivastava, Shervani, and Fahey (1998) suggests that firms aim to create strong brands with creating a knowledge structure in consumer mind by brand stories in the form of customer experience.

Brand awareness

Brand awareness is defined as the ability of a consumer to recognize the certain product of a specific category (Aker, 1991, p. 61). Brand awareness affects the product selection from a certain group of products (Hoyer and Brown, 1990). Zeng, Huang and Dou (2009) focused particularly on promotion through communities and found that social identity is being affected by group norms and judgments of community users. After understanding the interest of consumer, companies using internet for engaging different segment of consumers by sending messages for their knowledge (Keller, 2009). Mangold and Faulds (2009) studied that how every stage of the consumer decision-making process influence by social media including information acquisition, brand awareness, purchase behavior, and post-purchase communication and evaluation, as well as influencing general opinions and attitude formation.

Social media have been contributed for exploring new ways to gain knowledge and increasing awareness through fulfilling the information requirement by consumers for brand (Keller, 2009). So, on the basis of above argument the following hypothesis is developed-

Hypothesis 1(H1): Social media play an important role in creating brand awareness.

Brand quality

Brand quality is one of the important dimension of the brand equity (Lassar et. al., 1995). Keller (1993) identified the deferent dimensions of the brand quality like- performance, durability design etc. Reviews and comments on social media sites about the product are influencing the perceived quality of the brand (Wang et al., 2011; Xiang & Gretzel, 2010). On the basis of above argument the following hypothesis is developed-

Hypothesis 2 (H2): Social media have influence on brand quality.

Brand loyalty

Interactive marketing communications such as social media allows consumers for learning, teaching and expression of commitment and keep an eye on other consumer's loyalty towards brands (Keller, 2009). Shankar, Smith and Rangaswamy (2003) find that the relationship between satisfaction and loyalty is stronger in online than offline. Consumers are actively engaged with online brand communities in the form of membership perpetuation, participation, interchanging recommendation between other community users' results in the form of brand loyalty and customer advocacy (Algesheimer et al., 2005). Users of online brand communities can easily share their experiences and opinion through proper interaction, and can influence the brand loyalty of other community user (Casalo, Flavian, & Guinaliu, 2010; Laroche, Habibi, & Richard, 2013). So the following hypothesis is developed-

Hypothesis 3 (H3): Social media creates positive effect on brand loyalty.

According to a study by Fogel (2010), Social media has facilitated a number of ways for consumers to interact and communicate with (for admiring and complaining) brands. Brand awareness is an important contributor customer value and enhances financial performance of the company (Callarisa et. al. 2012). Perceived quality of the brand is positively related to the value of the brand (Baldanf et. al. 2003). Brand loyalty should positively influences the value of the brand and customer easily identify the benefits associated with the brand (Baldanf et. al. 2003). So, the following hypothesis is proposed-

Hypothesis 4 (H4): Brand awareness enhances brand value.

Hypothesis 5 (H5): Brand quality impacts brand value.

Hypothesis 6 (H6): Brand loyalty positively affects the brand value.

Purchase intention

Purchase intention helps in retaining existing consumers rather than attracting the new consumer (Spreng et. al. 1995). Brands who maintain higher value attract the more consumer in future (Aaker, 1991). Hence, there is a positive relationship between customer value and purchase intention. So, the following hypothesis is proposed-

Hypothesis 7 (H7): Brand value has positive effect on purchase intention.

Conceptual Framework

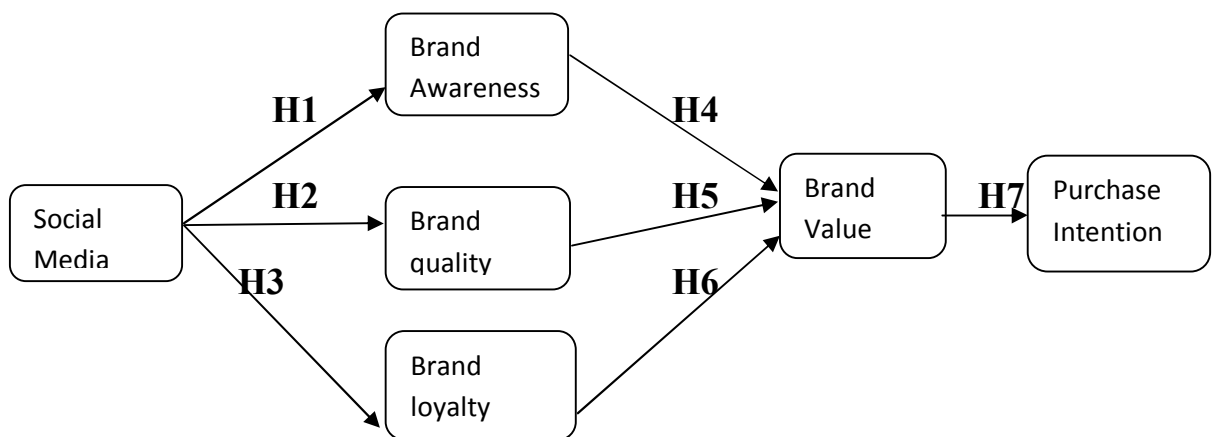


Figure 1

Conclusion

Social media provide a new home to managers for using in promotion mix and effectively target the selected consumer groups (Mangold and Faulds, 2009). Although, in the area of marketing communication social media is in developing stage and getting attention of marketer for managing brands in this complex environment. Social media gives opportunity for firms to timely engage with consumer and connect with end consumer at

relatively low cost with higher efficiency than traditional communication tool (Andreas M. Kaplan and Michael Haenlein, 2010). The present paper analyzes how company's using social media for enhancing brand loyalty with mediating variables brand awareness, brand personality, brand value & brand quality and giving direction for marketers and managers for better utilizes this channel in favor of brand. This model is further tested empirically across different industries and within different product categories.

References

- [1] Aaker, D. A. (1991), "Managing brand equity, the free Press, New York, NY.
- [2] Algesheimer, R., Dholokia, U. M. and Herrmann, A. (2005), "The social influence of brand community: Evidence from European car clubs", *Journal of Marketing*, Vol. 69, No. 3, pp.19-34.
- [3] Baldanf, A., Cravens, K. S. and Binder, G. (2003), "Performance consequences of brand equity management: evidence from organizations in the value chain, *Journal of product & Brand Management*, vol. 12, No. 4, pp 220-236.
- [4] Beer, D. and Burrows, R. (2010), "Consumption, presumption and participatory web cultures", *Journal of consumer culture*, Vol. 10(1), pp- 3-12.
- [5] Callarisa, L., Garcia, J. S., Cardiff, J. and Roshchina, A. (2012), "Harnessing social media platforms to measure Customer-based hotel brand equity", *Tourism management perspective*, Vol. 4, pp. 73-79.
- [6] Casalo, L. V., Flavian, C. and Guinaliu (2010), "Relationship quality, community promotion and brand loyalty in virtual communities: Evidence from free software communities", *International Journal of Information Management* Vol. 30 (4), pp. 357-367.
- [7] Heil,o., Lehmann,D. and stremersch, S. (2010), "Marketing competition in the 21st century", *International Journal of research in marketing*, vol.27, No. 2, pp. 161-163.
- [8] Hoyer, W. D. and Brown, S. P. (1990), "Effects of brand awareness on choice for a common, repeat purchase product", *Journal of consumer research*, Vol. 27, pp. 141-148.
- [9] Lassar, W., Mittal, B., & Sharma, A. (1995). Measuring customer-based brand equity. *Journal of Consumer Marketing*, 12(4), 11–19.
- [10] Kaplan, A., Haenlein, M., (2009), "The fairyland of Second Life: Virtual social worlds and how to use them", *Business Horizons*, Vol. 52, No. 6, pp. 563-572.
- [11] Kim, A. J. and Ko, E. (2012). "Do social media marketing activities enhance customer equity? An empirical study of luxury fashion brand." Vol. 65, pp. 1480-1486.

- [12] Kaplan, A., Haenlein, M., (2010). "Users of the world, unite! The challenges and opportunities of Social Media", *Business Horizons*, Vol. 53, No. 1, pp. 59-68.
- [13] Keller, K., (2009), "Building strong brands in a modern marketing communications environment", *Journal of Marketing Communications*, Vol. 15, No. 2, pp. 139-155.
- [14] Keller, K. L. (1993), "Conceptualizing, measuring, and managing customer-based brand equity", *Journal of marketing*, Vol. 57, pp. 1-22.
- [15] Laroche, M., Habibi, M. R. and Richard, M. O. (2013), "To be or not to be in social media: How brand loyalty is affected by social media? *International Journal of Information Management*, Vol. 33 (1), pp. 76-82.
- [16] Mangold, W., Faulds, D., (2009), "Social media: The new hybrid element of the promotion mix", *Business Horizons*, Vol. 52, No. 4, pp. 357-365.
- [17] Muniz, A., O'Guinn, T., (2001), "Brand community", *Journal of Consumer Research*, Vol. 27, No. 4, pp. 412-432.
- [18] McAlexander, J. H., Schouten, J. W., &Koenig, H. F. (2002), "Building brand community", *Journal of Marketing*, Vol. 66, No. 1, pp. 38-55.
- [19] OECD. (2007). "Participative web and user-created content: Web 2.0, wikis, and social networking", Organisation for Economic Co-operation and Development.
- [20] Shankar, V., Smith, A., Rangaswamy, A., (2003). "Customer satisfaction and loyalty in online and offline environments". *International Journal of Research in Marketing*, Vol. 20, No. 2, pp. 153-175.
- [21] Srivastava, Rajendra K., Tasadduq A. Shervani, and Liam Fahey (1998), "Market-Based Assets and Shareholder Value: A Framework for Analysis," *Journal of Marketing*, Vol. 62, No. 1, pp. 2-18.
- [22] Spreng, R. A., Harrell, G. D. and Mackoy, R. D. (1995). "Services recovery: Impact on satisfaction and intentions", *Journal of service marketing*, Vol. 9, No. 1, pp. 15-23.
- [23] Tynan, C., Mckechnie, S. and Chhuon, C. (2010), "Co-creating value for luxury brands", *Journal of business research*, vol. 63, No. 11, pp 1156-63.
- [24] Wang, Y., Hsu, K., Hsu, S., & Hsieh, P. (2011). Constructing an index for brand equity: A hospital example. *The Service Industries Journal*, 31(2), 311-322.
- [25] Xiang, Z., &Gretzel, U. (2010). Role of social media in online travel information search. *Tourism Management*, 31, 179-188.

- [26] Zeng, Fue.,Huang,Li., Dou, Wenyu., (2009). "Social factors in user perceptions and responses to advertising in online social networking communities". Journal of Interactive Advertising, Vol. 10, No. 1, pp. 1-13.

This article is an open access article distributed under the terms and conditions of the Creative Commons Attribution 4.0 International License (<https://creativecommons.org/licenses/by/4.0/>).

© 2015 by the Authors. Licensed by HCTL Open, India.