Do Social Media Marketing Activities Increase Brand Equity?

Hamed Karamian *
Executive Master of Business Administration (EMBA), Department of Management, Khorasgan (Isfahan) Branch, Islamic Azad University, Isfahan, Iran.

Mehdi Ahmadi Nadoushan
Executive Master of Business Administration (EMBA), Esfahan university, Yazd province road and urban housing organization, Yazd, Iran.

Alireza Ahmadi Nadoushan
Management PhD student, Alameh tabatabaei university, Yazd province Gas Company, Tehran, Iran.

*Corresponding author: Hamed.Karamian@yahoo.com

Keywords
Brand
Social media marketing
Brand equity

Abstract
The aim of this study is to investigate the effects of Social media marketing in brand equity. Data were collected through random questionnaires. Consumers, 350 questionnaires were distributed in the Hayprastar in Isfahan. 315 questionnaires were collected. To examine each hypothesis of his study, Pearson Correlation test has been employed. The final results indicate that Social media marketing activities are influential in brand equity and also that Social media marketing activities bear on perceived quality, brand awareness and brand loyalty. Then, all research variables are approved.

1. Introduction

(Social media marketing is different than traditional methods of marketing; therefore, it requires special attention and strategy building to achieve brand equity. Social media marketing is related to relationship marketing, where the firms need to shift from “trying to sell” to “making connections” with the consumers (Gordhamer, 2009). Companies also need to keep away from “big campaigns” and stick with “small acts” since some small campaigns can easily reach lots of people and accomplish the objectives in a very short period of time (coon, 2010). Social media marketing is also more sincere in its communication with the consumers, trying to show what the brand is rather than trying to control its image. Finally, today’s customers are more powerful and busy; therefore, companies should be reachable and available in every social media communication channel such as Face book, Twitter, Blogs, Forums at any time (Gordhamer, 2009). Thus, it can be said that social media marketing helps firms to increase brand equity through networking, conversation, and community building.

2. Brand equity

The term “brand” refers to a combination of names, signs, symbols, and designs through which customers can identify the offerings of a specific company and distinguish these offerings from those of competitors (American Marketing Association, 1960). A brand can be considered a cluster of functional and emotional values which are unique and can provide customers with favorable experience (De Chernaton et al., 2006). A successful brand is valuable, since it can enable marketers to gain competitive advantages by facilitating potential brand extensions, developing resilience against competitors’ promotional pressures, and creating entry barriers to competitors (Kim et al., 2008a; Rangaswamy et al., 1993; Rowley, 2009). Brand equity is generally defined as the marketing effects, or the value added to the product, specifically attributable to the brand (Keller, 1993; Rangaswamy et al., 1993). In other words, brand equity is the difference between the utility of the substantial attributes of a focal branded product and the total utility of the brand (Yoo et al., 2000). Brand equity can be considered a mix of both customer-based brand strength (equity) and financial brand equity (Barwise, 1993). Financial brand equity refers mostly to the value of a brand for accounting purposes, while customer-based brand equity refers to the customers’ familiarity and unique associations with the brand in memory (Keller, 1993). As the aim of this study is to investigate how m-commerce properties influence the behaviors of individual consumers through brand-equity-related factors, a customer-based perspective is adopted for conceptualizing brand equity. Brand equity has been considered a multi-dimensional construct which is composed of a variety of factors, as summarized in Table 1.

<table>
<thead>
<tr>
<th>Brand equity factor</th>
<th>Definition</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand loyalty</td>
<td>A deeply held long-term commitment to consistently repurchase or repatronize a product/service of the same brand, free from the effects of situational factors and marketing efforts that have the potential to result in switching behaviors</td>
<td>Aaker, 1991, 1996; Baker et al., 2010; Kim et al., 2008; Oliver, 1999; Yoo et al., 2000</td>
</tr>
<tr>
<td>Perceived quality</td>
<td>A consumer’s evaluation of a recent consumption experience regarding a product’s overall excellence</td>
<td>Aaker, 1991, 1996; Baker et al., 2010; Yoo et al., 2000</td>
</tr>
<tr>
<td>Brand associations</td>
<td>Anything, including attributes of a product/service, reputation of a company, and characteristics of product/service users, which linked in consumer memory to a brand</td>
<td>Aaker, 1991, 1996; Baker et al., 2010; Keller, 1998; Yoo et al., 2000</td>
</tr>
<tr>
<td>Brand awareness</td>
<td>The strength of the trace of a brand in consumer memory, as reflected by the consumers’ ability to identify the brand under different conditions</td>
<td>Aaker, 1991, 1996; Baker et al., 2010; Keller, 1998; Yoo et al., 2000</td>
</tr>
</tbody>
</table>

Considering the various suggestions presented in the literature, it is concluded that brand loyalty, perceived quality, brand associations, and brand awareness are the most common dimensions used for measuring brand equity (Aaker, 1996; Baker et al., 2010; Chang and Liu, 2009; Yoo et al., 2000) in this study. These four dimensions are also critical for the following reasons. First, brand loyalty is considered a core dimension of brand equity, as it is key for building entry barriers, forming a price premium and avoiding deleterious price competition, and gaining

*Corresponding author: Hamed.Karamian@yahoo.com
strategic advantages in response to the actions of competitors (Aaker, 1996). Additionally, brand image is composed of consumers’ perceptions about a brand as reflected by a set of meaningful associations in their memories (Aaker, 1991; Keller, 1993), and thus can be appropriately represented by brand associations.

3. **Social media marketing**

Social media are online applications, platforms and media which aim to facilitate interactions, collaborations and the sharing of content (Richter & Koch, 2007). They take a variety of forms, including weblogs, social blogs, micro blogging, wikis, podcasts, pictures, video, rating and social bookmarking. As their use increases exponentially, not only existing social networkers but even business firms and governmental organizations are joining and using them as communication tools. Unlike individual social networkers, these entities actively make use of the media for advertising and marketing. While commercial messages and interactions with consumers partner with media, events, entertainment, retailers, and digital services through social media, it is possible to perform integrated marketing activities with much less effort and cost than before. According to Kim and Ko (2010), social media can have a dramatic impact on a brand’s reputation. One-third of survey participants posted opinions about products and brands on the brand’s blog, and 36% thought more positively about companies that have blogs. A recent study by DEI Worldwide (2008) provides the following statistics: 70% of consumers have visited social media sites to get information; 49% of these consumers have made a purchase decision based on the information they found through the social media sites; 60% said they were likely to use social media sites to pass along information to others online; and 45% of those who searched for information via social media sites engaged in word-of-mouth. The report states that companies not engaging in social media as part of their online marketing strategy are missing an opportunity to reach consumers. With a significant percentage of people passing along information to others through social media, the value of one customer is worth far more than what he or she initially spends. Thus, firms and brands now need to factor in the value of customers and also the influence of social media on them.

| Table 2. The items included in the questioner, Mean and Standard deviation |
|-----------------------------|-----------------------------|
| **Brand awareness**         | Alpha | Reference                     |
| 1. I know what the X symbol or logo looks like | 0.934 | Haemoon Oh, Cathy H.C. Hsu (2014) |
| 2. I know what an this hotel looks like |          | Wei-Tsiong Wang, Hui-Min Li (2012) |
| 3. I can easily recognize this hotel among other competing hotels |          |                                         |
| **Brand loyalty**           | Alpha | Reference                     |
| 1. I will recommend this brand to someone who seeks my advice | 0.910 | Janghyeon Nam et al (2011) |
| 2. Next time I will stay in this brand |          | Aypar Uslu, Beril Durnas, Berna Kobak Kolivar (2013). |
| 3. I will switch to other brands if I experience a problem with this brand. |          |                                         |
| 4. I consider myself to be loyal to this Brand |          |                                         |
| 5. This brand would be my first choice. |          |                                         |
| **Perceived quality**       | Alpha | Reference                     |
| 1. The services of this brand are of high quality. | 0.891 | Wei-Tsiong Wang, Hui-Min Li (2012) |
| 2. In comparison to alternative brands, the likely quality of this brand is extremely high. |          | Aypar Uslu, Beril Durnas, Berna Kobak Kolivar (2013) |
| 3. The likelihood this hotel would be functional is very high. |          |                                         |
| **Social media marketing activities** | Alpha | Reference                     |
| 1. Using X social media is fun | 0.857 | Kim AJ, Ko E. (2010). |
| 2. I would like to pass along information on brand, product, or services from X social media to my friends |          |                                         |
| 3. Conversation or opinion exchange with others is possible through X social media |          |                                         |
| 4. I would like to upload contents from X social media on my blog or micro blog. |          |                                         |
| 5. Contents shown in X social media seem interesting. |          |                                         |

4. **Hypotheses**

H1. Social media marketing activities have positive effect on Brand awareness

H2. Social media marketing activities have positive effect on brand loyalty

H3. Social media marketing activities have positive effect on perceived quality

5. **Methodology**

5.1 **Research Model**

The research model guiding this research is depicted in Figure 1. The proposed model draws from the diverse research. The research model in Figure 1 posits the social media marketing activities has a positive effect on brand equity.

![Figure 1. Research Model](image)

5.2 **Sample and data collection**

Convenience samples were drawn from the Esfahan city. Major shopping districts in Esfahan are in Hayprastar area and consumers living there tend to be more conscious of purchasing brands. Since this study focuses on SMM, respondents were restricted to consumers who had purchased any Brands item within the previous two years and who had previous experience with social media sites. Data were collected from survey questionnaires from December 1 to 10, 2014. From among the 350 survey questionnaires distributed, 315 were finally analyzed after excluding incomplete responses.
5.3 Data analysis
In order to achieve the purpose of this study and to test hypotheses, the SPSS 17.0 was used. With SPSS 17.0, descriptive analysis was adopted to analyze the results of the preliminary test, to find out demographic characteristics of the sample and to test hypotheses. Also, Cronbach's $\alpha$ was adopted to test reliability.

6. Finding
Pearson Correlation test was utilized in order to examine each hypothesis of the study. In what follows we offer an evaluation of these hypotheses.

H1. Social media marketing activities have positive effect on Brand awareness
As shown in table 3, at error level $\alpha=0.05$ and certainty level of 95%, the test result reveals a significant relationship between Social media marketing and brand awareness. Correlation coefficient was set at 0.751 which proves positive Correlation and significant relationship (P-value=0.000). Therefore, the hypothesis is accepted.

H2. Social media marketing activities have positive effect on brand loyalty
As shown in table 4, considering the test results it can be concluded that there is a positive, significant Correlation between Social media marketing and brand loyalty at error level of 0.05 and certainty level of 0.95. The Correlation coefficient was set at 0.802. (P-value=0.000).

H3. Social media marketing activities have positive effect on perceived quality.
As shown in table 5, the test results for the second hypothesis indicate that, there is a positive, significant relation between Social media marketing and perceived quality at error level of 0.05 and certainty level of 0.95. The Correlation coefficient was set at 0.756. (P-value=0.000).

7. Conclusions
Analyses of the correlation between chief research variables indicate that correlation between social media marketing and brand equity is positive and significant. Then, all research variables are approved. The aim of this study was to understand the effect of social media marketing on brand equity formation from the perspective of the consumers. The results of the study are believed to put significant contribution to practice and literature since social media marketing can be defined as a new, but rapidly growing platform for building relationships with customers and forming positive image of the brands in their eyes. Social media marketing helps companies and consumers find new communication routes. Companies can use social media marketing to establish relationships with loyal consumers and affect their personal perception of the product, publish their own information and also learn from and about their customers. So using social media marketing companies can expand communication with customers and increase customer loyalty day by day. Consumers, identify social media as a more trustworthy source of Information compared to the traditional marketing communication tools that companies use. On this basis, companies can get feedback from customers, according to which they can figure out what the customers’ desire and what products are in demand, and supply them faster than their competitors. Finally, the quality of products and services can be enhanced with the use of social media whose relation to the perceived quality has been approved in this research.

References
American Marketing Association (1960), Marketing Definitions: A Glossary of Marketing Terms, American Marketing Association, Chicago, IL.


