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Parasocial relationship effects on customer equity in the social media context

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ABSTRACT

This study clarifies the concept of *customer equity* in today's social media landscape. The study shows: (1) motivation to use social network services (SNS) and celebrity source credibility positively affect parasocial relationships; (2) parasocial relationships positively affect attitudes toward using SNS; (3) parasocial relationships positively affect customer equity drivers; and (4) customer equity drivers positively affect customer lifetime value. A survey of 350 social media users recruited from Hong Kong and Macau in China is used to investigate key questions about parasocial relationships, customer equity drivers, and customer lifetime value. The theoretical model for customer equity in the social media context offers implications for marketing practitioners.

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1. Introduction

The media landscape is rapidly evolving as individual daily use of social media grows ever more pervasive. In response, firms are extensively connecting with and engaging their customers through social media's powerful, multidimensional platforms that allow individuals to build, maintain, and exhibit wide social networking, information sharing, and entertainment channels (Avery et al., 2010; Boyd & Ellison, 2008; Men & Tsai, 2011; Park, Song, & Ko, 2011; Utz, 2009). As social media technology merges with marketing, a new, more collaborative and network-focused approach to managing customer relationships has emerged (Trainor, Andzulis, Rapp, & Agnihotri, 2014). By integrating customer-interface activities with emergent social media, companies can engage customers in collaborative conversations and enhance customer equity (Kim & Ko, 2010; Trainor et al., 2014).

In such a dynamic environment, firms and customers work together to create new products, services, business models, and values, while brands gain exposure and strengthen their customer relationships (Ko et al., 2011). Social media marketing reinforces the familiar emotions customers associate with certain brands, for example by allowing customers to empathize with celebrity endorsers (Park, 2010). In addition, social media activities elevate brand value by creating a vast platform for users to exchange ideas and information (Kim & Ko, 2012).

The growing social media profile has prompted recent studies investigating how venues such as Twitter and Instagram cultivate customer relationships with celebrities and/or media personalities (e.g., Smith, 2010). Considering the effectiveness of social media as a marketing tool, it is noteworthy to consider how best to understand and utilize the power of celebrity parasocial relationships.

Parasocial relationships refer to media-enabled connections between users and media personalities/celebrities (Rubin & Step, 2000). Such connections allow users to feel that they enjoy interpersonal relationships with their favorite media personality/celebrity; the connections seem to be so intimate that users feel that celebrities are personal friends, father figures, siblings, or even lovers (Hung, Chen, & Tse, 2011). Parasocial relationships are founded on clear communication processes between celebrities and their admirers, an important factor in understanding media/user relationships. In this study, we highlight that parasocial relationships are likely to influence *customer equity*, that is, the aggregate of the discounted lifetime values of all customers (Rust, Moorman, & Bhalla, 2010). Parasocial relationships are considered critical to consumer brand evaluations (Fournier, 1998) and brand equity, value equity, and relationship equity (Blackston, 2000; Dwivedi & Johnson, 2013) that influence customer equity and customer lifetime value (Rust, Lemon, & Zeithaml, 2004; Vogel, Evanschitzky, & Ramaseshan, 2008).

In addition, other factors affecting parasocial relationships are celebrity source credibility (Ohanian, 1990), media features themselves, and customer characteristics, such as their motives for using social networking services (SNS) (Kim & Rubin, 1997). Those motives are even more powerful than program content for generating parasocial relationships (Rubin & Perse, 1987).

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Our purpose for conducting this study is to clarify the concept of customer equity in today's social media landscape and to examine parasocial relationship influences on customer equity drivers and customer lifetime value in the social media context. We show that (1) motivation to use SNS and source credibility positively affect parasocial relationships; (2) parasocial relationships positively affect attitudes toward using SNS; (3) parasocial relationships positively affect customer equity drivers—brand equity, value equity, and relationship equity; and (4) customer equity drivers positively affect customer lifetime value.

In this study, we offer critical information regarding customer equity. Our research is the first to reflect how parasocial relationships affect customer equity and customer lifetime value in the social media context. We (1) go beyond one-way parasocial relationships to clarify social media parasocial relationships, (2) present a theoretical model for customer equity in the social media context, and (3) suggest implications for marketing practitioners. We show how customer equity underpins the social media context, and how parasocial relationships affect customer equity and customer lifetime value as outflows.

2. The parasocial relationship concept

Parasocial relationships are psychological connections that users form unilaterally with media personalities/celebrities through virtual media (Rubin & Step, 2000). The users feel that their parasocial relationships with celebrities are face-to-face and interpersonal (Horton & Wohl, 1982), analogous to interpersonal relationships in real primary face-to-face groups (Perse & Rubin, 1989; Rubin & Perse, 1987; Sood & Rogers, 2000). When listeners or viewers of a media program become attached to certain characters, they engage in internal dialogues with those characters in an approximation of face-to-face, interpersonal relationships (Rubin & Step, 2000). They appreciate the values and motives of attractive media characters, often viewing them as counselors, comforters, even as role models (Horton & Wohl, 1982). However, parasocial relationships are considered *social* rather than *personal* based on three factors: proximity, similarity, and attraction (Miller, 1978; Wohlfeil & Whelan, 2012).

Proximity, the degree of actual physical or conceptual closeness, plays a key role in identifying whether relationships are interpersonal or parasocial. Communicants may be separated by intimate, personal, social, and public distances (Hall, 1973), depending on the type of interaction (Koeppe, Montagne-Miller, O'Hair, & Cody, 1993). In parasocial relationships, actual physical distance separates viewers and venue; for example, the viewer sees the celebrity on television, broadcast from miles away. Perceived conceptual distance also separates viewer and media personality; for example, compared with the viewer's conceptual closeness with friends and family. Thus, degrees of proximity affect the development and ultimate extent of parasocial relationships.

Also vital in identifying personal and social relationships is the degree to which certain characteristics can be grouped together. People tend to like others who are or who seem similar to themselves (Byrne, 1971; Kandel, 1978) and are attracted to others who exhibit the same or similar behavioral patterns (Houston, 1974), including, for example, smoking and drinking (Gleitman & Gleitman, 1997). The more individuals can identify with media personalities, the more attractive those personalities become.

Attraction, which plays a fundamental role in parasocial relationships (Byrne, 1971; Houston, 1974), and indeed in all relationships, occurs when one person is directly orientated toward another, an appeal often described in terms of sign and intensity (Hybels & Weaver, 1998; Newcomb, 1961). Physical, behavioral, and attitudinal dimensions are relevant to attraction. Although physical attractiveness is subject to time and culture, it often generates the formation of interpersonal relationships (Byrne, Ervin, & Lamberth, 1970; Gleitman & Gleitman, 1997). Behavioral attractiveness indicates attractions to people who are personable and/or have abundant material resources. Viewers are often attracted to media personalities who often possess

physical and behavioral attractiveness. Consequently, the bond of intimacy between media users and personalities in parasocial relationships is based on proximity, similarity, and attraction.

3. Motivations to use SNS and parasocial relationships

Motivation is central to parasocial relationships: different motivations lead to various communication choices and behaviors (Rubin & Step, 2000). For example, needs for companionship, information, and entertainment may motivate individuals to listen to talk radio, to use media, and to form parasocial relationships with favorite media hosts (Armstrong & Rubin, 1989; Rubin & Step 2001).

SNS users' motivations for using media positively correlate with their development of parasocial relationships (Joinson, 2008; Rubin, Perse, & Powell, 1985). The more they use media for entertainment, information, and social connection, the stronger the parasocial relationships they form with media personalities they encounter. Their motives are closely related to their psychological experiences, which then determine whether they will empathize with a media personality. Motivations for using SNS such as Facebook and Weibo include social connection, information-investigation, entertainment-seeking, and relationship-building (Alhabash, Park, Kononova, Chiang, & Wise, 2012; Zhang & Pentina, 2012).

Information-seeking is any activity undertaken to obtain human and technological knowledge. For our purposes, *information-seeking* refers to quests to acquire information that satisfies curiosity, fulfills general interests, and explains current news and cultural events (Ellison, Steinfield, & Lampe, 2007; Leung, 2009; Park, Kee, & Valenzuela, 2009). Activities that provide diversions and amusements as a spare time pursuit are considered *entertainment*. For our purposes, *entertainment* refers to use of SNS to fill time, derive hedonistic pleasure, relax, and have fun (Kaye, 1998; Leung & Wei, 1998).

Individuals undertake *relationship-building* to maintain satisfactory and durable relationships. In this study, *relationship-building* refers to individuals' use of SNS to more easily connect with people and to better maintain their connections (Leung, 2009; Sheldon, 2008).

Users' motivations for using SNS influence their SNS communication habits and selections, which in turn affect their resulting parasocial relationships (Armstrong & Rubin, 1989; Joinson, 2008; Rubin et al., 1985; Rubin & Step 2001). Stronger *information-seeking*, *entertainment*, and *relationship-building* motivations for using SNS result in stronger user/celebrity parasocial relationships (Armstrong & Rubin, 1989; Rubin & Step 2001). Thus, motives for using SNS—specifically information-seeking, entertainment, social connection, and relationship-building—will be positively associated with parasocial relationships. Those suppositions lead to our first hypothesis:

H1. Motivations to use SNS will positively influence parasocial relationships.

4. Source credibility and parasocial relationships

In communication processes, communicators' characteristics influence how receivers accept messages: if communicators have positive characteristics, their messages will have *source credibility* (Ohanian, 1990). In mass communication contexts, source credibility determines audiences' attitude toward mass media sources (Hovland, Janis, & Kelley, 1953). Audiences are most likely to see credibility in messengers who are involved in situations, issues, or groups; thus perceived credibility is conceptualized as an audience response rather than an attribute of the messenger (Gunther, 1992).

Knowledge or expertise, trustworthiness, and attractiveness are three dimensions essential to the credibility construct (Joseph, 1982; Kahle & Homer, 1985; Maddox & Rogers, 1980). Source credibility depends on whether message receivers associate those dimensions with

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