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Social media marketing efforts of luxury brands: Influence on brand equity and consumer behavior

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ABSTRACT

Scant evidence is available on of how social media marketing activities influence brand equity creation and consumers' behavior towards a brand. This research explores these relationships by analyzing pioneering brands in the luxury sector (Burberry, Dior, Gucci, Hermès, and Louis Vuitton). Based on a survey of 845 luxury brand consumers (Chinese, French, Indian, and Italian), who follow the five brands studied on social media, the study develops a structural equation model that helps to address gaps in prior social media branding literature. Specifically, the study demonstrates the links between social media marketing efforts and their consequences (brand preference, price premium, and loyalty). The study measures brands' social media marketing efforts as a holistic concept that incorporates five aspects (entertainment, interaction, trendiness, customization, and word of mouth). Another contribution of the study is that it finds that SMMEs have a significant positive effect on brand equity and on the two main dimensions of brand equity: brand awareness and brand image.

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1. Introduction

The proliferation of social media created a whole new era for companies and brands, forcing them to seek new interactive ways of reaching and engaging their customers (Gallaughner & Ransbotham, 2010; Kozinets, de Valck, Wojnicki, & Wilner, 2010). This quickly expanding marketing channel, which already reaches more than two thirds of all Internet users, provides unparalleled opportunities for brand and reputation building (Correa, Hinsley, & De Zúñiga, 2010; Spillecke & Perrey, 2012). Although social media provide new opportunities and benefits for brand management (Kaplan and Haenlein, 2010), one of the persistent challenges – despite growing scholarly interest – is the difficulty with measuring the impact of social media marketing activities on key brand success measures (Schultz & Block, 2012; Schultz & Peltier, 2013).

Research that examines social media marketing effects from the perspective of branding literature is also still mainly exploratory and lacks empirical studies (Hollebeek, Glynn, & Brodie, 2014). To date,

brand equity has received only limited attention in the context of social media marketing and its effectiveness, despite a few notable exceptions (e.g. Kim & Ko, 2012). This research contributes to prior literature by offering a comprehensive framework that shows how social media marketing efforts influence brand equity and consumer behavior towards five luxury brands in four countries.

The objective here is to systematically and comprehensively examine the influence of social media marketing on consumers' responses through brand equity creation. The objectives of this study are to fill the gaps in previous research and to particularly: (1) measure the relationships between social media marketing efforts, brand equity, and customer behavior towards the brand; (2) evaluate the relative importance of the components of social media marketing efforts (SMMEs) regarding creating brand value and consumer preferences; (3) analyze the main components of brand equity creation in SMMEs; (4) measure the effect of SMMEs and brand equity on creating brand loyalty, brand preference, and on brands' possibility to ask a premium price for their products, and (5) compare the results obtained in the four countries.

This empirical study examines luxury brands that actively adopted and applied social media marketing activities. Prior research shows that marketing communication through social media channels is a promising promotional strategy for luxury brands (Kim & Ko, 2010, 2012; Phan, Thomas, & Heine, 2011; Schwedt, Chevalier, & Gutsatz,

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2012). Luxury brands not only jumped on the social media bandwagon, but also play a pioneering role in the way they use Facebook, Twitter, YouTube, and Instagram (Schwedt et al., 2012).

The study uses a survey to empirically investigate two types of customer populations – French and Italian on one side and Chinese and Indian on the other – of five globally renowned luxury brands. Italy and France represent historical and well-established traditional luxury markets characterized by refined fashion tastes and preferences. China and India have rapidly growing luxury consumer populations who only recently gained access to these kinds of status goods. This study finds that social media marketing has significant positive effects on brand equity and consumer responses, including on brand loyalty, preference, and willingness to pay a premium price. The managerial implications of this study will help marketers to analyze the strengths and potential of their marketing actions.

The study starts with a conceptual framework for social media marketing efforts, brand equity, and customer reactions (Fig. 1). Thereafter, the study describes and justifies the empirical methods and explains the results. A discussion of the implications of the findings for future research and managerial practice concludes the study.

2. Literature review

2.1. Social media marketing efforts

Social media provide marketers with remarkable opportunities to reach consumers in their social communities and build more personal relationships with them (Kelly, Kerr, & Drennan, 2010). Social media have changed the way brand content is created, distributed, and consumed, transferring the power to shape brand images from marketers to consumers' online connections and content (Tsai & Men, 2013).

In the luxury sector, social media seem to play a key role in a brand's success (Phan et al., 2011). For example, Louis Vuitton (LV) posts videos of its catwalk presentations on its Facebook page, giving all LV fans the opportunity to enjoy the show (Kapferer, 2012). Burberry launched an online shopping site for Chinese consumers, offering a 24-hour customer service through online chat systems. The brand also has accounts on Chinese social media sites such as *kaixin001.com* and *douban.com*. Local celebrities send comments to the Burberry account on Weibo (a microblogging service). In January 2012, Burberry had 180,000 Weibo followers, up from 90,000 in early 2011 (Spillecke & Perrey, 2012). Hermès launched *Jaime mon carré* (I love my scarf), a social networking website dedicated to its signature square scarves. The website, which is directly linked to the Hermès Facebook page, shows hip young girls wearing scarves as turbans, ties, belts, bras, and around the neck (Cpp-luxury.com 2013).

Kim and Ko (2012) described luxury brands' social media marketing efforts as comprising five dimensions: entertainment, interaction, trendiness, customization, and word of mouth (WOM). This study examines the social media marketing efforts of different luxury brands from Kim and Ko's (2012) five perspectives.

2.1.1. Entertainment

Entertainment is the result of the fun and play emerging from the social media experience (Agichtein et al., 2008). A hedonic perspective views social media users as pleasure seekers who are being entertained and amused, and who experience enjoyment (Manthiou, Chiang, & Tang, 2013). Various studies present entertainment as a strong motive for social media use (Kaye, 2007; Muntinga, Moorman, & Smit, 2011; Park, Kee, & Valenzuela, 2009). For example, Shao (2009) finds entertainment a strong motivation for consuming user-generated content (UGC). Park et al. (2009) mention that entertainment drives participation in social networks to some degree.

Muntinga et al. (2011) find that social media users consume brand-related content for enjoyment, relaxation, and as a pastime. Courtois, Mechant, De Marez, and Verleye (2009) maintain that relaxation and escapism, which are reasons for seeking entertainment, drive content loading on social media. This study uses a survey to assess whether consumers find luxury brands' social media fun and interesting, and to subsequently measure entertainment.

2.1.2. Interaction

Social media interaction is fundamentally changing communication between brands and customers (Gallaughier & Ransbotham, 2010; Kaplan and Haenlein, 2010). Daugherty, Eastin, and Bright (2008) find that social interaction is an important motivator for creating user-generated content. Social media can offer consumers assistance as well as space for discussions and the exchange of ideas. According to Muntinga et al. (2011), social interaction describes users who contribute to brand-related social media platforms in order to meet like-minded others, interact, and talk with them about specific products/brands.

Zhu and Chen (2015) divide social media into two groups (profile-based and content-based), depending on the nature of the connection and interaction. In particular, profile-based social media focus on individual members. The information/topics are related to the members and the main purpose is to encourage social media users to connect with the specific information/topics. Profile-based social media encourage connection, because they are interested in the user behind the profile (e.g. on Facebook, Twitter, and WhatsApp).

On the other hand, content-based social media focus on the contents, discussions, and comments on the posted content. The main purpose is for the users to connect with the content a certain profile provides (e.g. on Flickr, Instagram, Pinterest, and YouTube) because they like it. Gallaughier and Ransbotham (2010) find that the social media-based customer dialog is more active than ever and they conceptualize this interaction with a megaphone, magnet, and monitor (3-M) framework. The megaphone represents firm-to-customer communication, the magnet represents customer-to-firm communication, and the monitor represents customer-to-customer interaction.

Brands therefore need to post unique content, reflect their members' profile, be active and open in discussions, and helpful with practical matters in order to promote interaction. Creating this relationship can

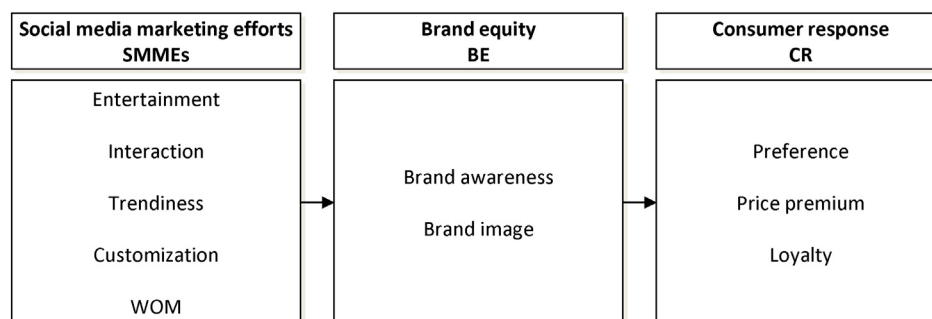


Fig. 1. Conceptual model.

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